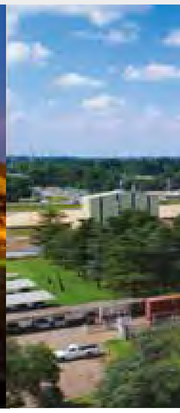
Tongaat Hulett

2018 INTEGRATED ANNUAL REPORT

VALUE CREATION FOR ALL STAKEHOLDERS THROUGH AN
ALL-INCLUSIVE APPROACH TO GROWTH AND DEVELOPMENT

CONTENTS



ABOUT THIS REPORT

Tongaat Hulett endorses the principles of transparency and accountability, and particularly the concomitant commitment to report on the company's performance, strategy and prospects in a manner that is meaningful to all stakeholders.

This integrated annual report is Tongaat Hulett's primary communication to shareholders, investors and analysts, farmers, government authorities and regulators, local communities, employees, customers, suppliers and service providers. It provides an overview of Tongaat Hulett's financial and non-financial performance for the 12 months ended 31 March 2018, with comparative data for the prior period.

The 2018 integrated annual report covers relevant financial and non-financial aspects of all the operations of the company. There has been no change in the scope and boundary of this report, relative to previous reports. There has also not been any significant change in the company's size, structure or ownership during the current reporting period, other than the details provided on pages 10 and 18 regarding the construction of a sugar refinery at the Xinavane Mill in Mozambique. There has been no material restatement of information provided in earlier reports.

MATERIALITY PROCESS

The content of the integrated annual report was developed by considering regulatory requirements, guidelines, previous reports and a combination of feedback from internal subject matter experts, stakeholder expectations and analysis of the external environment, as well as a materiality determination process that initially included internal stakeholders. The principles embodied in the King IV Report on Corporate Governance for South Africa 2016™ (King IV™), the International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) Framework and the Global Reporting Initiative's (GRI) Standards contributed to the compilation of this report. Matters that have a high likelihood of impacting the company's ability to create value in the short, medium and long term were considered material.

ASSURANCE AND APPROVAL

Tongaat Hulett has adopted a combined assurance strategy and framework to provide assurance to the Board on the company's performance in the context of material matters in its operating environment. The Audit and Compliance, Risk, SHE and Social and Ethics Committees consider all material matters facing the company to ensure that these are adequately managed and that internal assurance activities are integrated and coordinated efficiently and proficiently.

The following service providers provided external assurance of various elements of the integrated annual report:

- Annual financial statements - Deloitte & Touche
- Review of internal controls and risk review - KPMG
- Sustainability - Environmental Resources Management (ERM)
- B-BBEE contributor level - AQRate Verification Services
- Carbon emissions disclosure - Terra Firma Solutions
- Operational certifications - include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000

This report is the product of several iterative processes of approval and refinement, with oversight at executive level. It was approved by the Board for release to shareholders on 24 May 2018.

CAPITALS OF VALUE CREATION

Tongaat Hulett's impact on and contributions to the six capitals of value creation described in the <IR> Framework are addressed in an integrated manner throughout this report.

MANUFACTURED CAPITAL	Tongaat Hulett profile	Page 8
FINANCIAL CAPITAL	Financial and operations review	Page 34
HUMAN CAPITAL	Human resources Stakeholder relationships	Page 38 Page 46
SOCIAL AND RELATIONSHIP CAPITAL	Stakeholder relationships	Page 46
INTELLECTUAL CAPITAL	Intellectual property	Page 56
NATURAL CAPITAL	Environment	Page 58

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2018 integrated annual report, including the accessibility of the information provided and opportunities to expand and improve the company's future reporting.

Please contact Corporate Communications, Tongaat Hulett, PO Box 3, Tongaat, 4400, South Africa (email: info@tongaat.com / telephone: +27 32 439 4365)

FURTHER DETAILS

This icon indicates where more details can be accessed online

This icon indicates where more details can be accessed elsewhere in this report

SUITE OF REPORTS

The integrated annual report forms part of, and should be read in conjunction with a suite of reports available online on our website at www.tongaat.com. Other reports available are:

- King IV™ Governance compliance register (www.tongaat.com/compliance)
- Sustainability report (www.tongaat.com/sustainability)
- Land development portfolio (www.tongaat.com/LDP)
- Tongaat Hulett's GRI index (www.tongaat.com/GRI)

AT A GLANCE

Agriculture and agri-processing is a fundamental element of socio-economic development in Africa - particularly in relation to rural communities, farming, food security and water management, housing and land conversion activities as urban areas expand. This is also linked to the socio-political dynamics of the region.

Tongaat Hulett is a proactive and resilient organisation working in collaboration with all its stakeholders in a focused, constructive, mutual value-adding and developmental manner. It is well-positioned to benefit, and be a key development partner, as agriculture and agri-processing in Sub-Saharan Africa develops from a low base.

AGRICULTURE AND AGRI-PROCESSING (SUGARCANE/SUGAR AND MAIZE/STARCH) WITH LIVESTOCK NUTRITION, RENEWABLE ENERGY OPPORTUNITIES (ELECTRICITY GENERATION AND ETHANOL PRODUCTION)

PORTFOLIO OF LAND FOR CONVERSION AND DEVELOPMENT (UNIQUE PORTFOLIO AND WELL-ESTABLISHED DEVELOPMENT PLATFORM IN KWAZULU-NATAL)

OPERATIONS LOCATED IN SIX COUNTRIES IN SUB-SAHARAN AFRICA

LARGEST PRIVATE SECTOR EMPLOYER IN BOTH MOZAMBIQUE AND ZIMBABWE

APPROXIMATELY ONE MILLION PEOPLE IN SOUTH AFRICA ARE DIRECTLY IMPACTED BY THE SOUTH AFRICAN SUGAR INDUSTRY

TONGAAT HULETT CREATES VALUE FOR ALL STAKEHOLDERS THROUGH AN ALL-INCLUSIVE APPROACH TO GROWTH AND DEVELOPMENT, WHICH FOLLOWS THE INTERCONNECTED NATURE OF ITS ACTIVITIES

STARCH OPERATIONS

- 670 000 tons of maize converted to starch and glucose per annum
- available wet-milling capacity and enhanced product mix
- largest wet-miller of maize in Africa
- market development to increase the production of value-added modified starches
- sales into Sub-Saharan Africa and other regional markets accelerating from a low base

SUGAR OPERATIONS

- 194 408 hectares (own and third party) of sugarcane supplying eight Tongaat Hulett sugar mills
- approximately 34 000 hectares of new cane land has been planted over the past six years
- low-cost incremental sugar production from existing (2 million tons) milling capacity

LAND CONVERSION AND DEVELOPMENT ACTIVITIES

- 7 612 developable hectares identified for conversion out of sugarcane into urban land usage over time
- 3 566 developable hectares (47 percent of the portfolio) formally released from agriculture
- 1 485 developable hectares in the portfolio have EIA approval
- invested R979 million into land earmarked for future sales

CONSTRUCTIVE INTERFACE WITH GOVERNMENTS, SOCIETY AND OTHER KEY STAKEHOLDERS

SALIENT FINANCIAL FEATURES 2017/18

REVENUE	OPERATING PROFIT	HEADLINE EARNINGS	ANNUAL DIVIDEND
R16,982 BILLION	R1,958 BILLION	R617 MILLION	160 CENTS PER SHARE
- 5,2% (2017: R17,915 BILLION)	- 16,1% (2017: R2,333 BILLION)	- 37,2% (2017: R982 MILLION)	(2017: 300 CENTS PER SHARE)

THE RESULTS FOR THE YEAR ENDED MARCH 2018 REFLECTED:

- sugar operations were adversely affected by the dynamics of imports into the South African market, low international sugar prices and the impact of stronger local currencies on export realisations
- starch and glucose operation improved operating profit in the second half of the year, benefitting from more competitive maize costs
- land conversion and development activities led to a number of sales in new markets and operating profit which was in line with the previous year

Tongaat Hulett's operating cash flow (after working capital) was R2,275 billion (2017: R3,176 billion)
Overall, the year reflected a net cash outflow after dividends of R1,324 billion (2017: R544 million inflow)

STARCH OPERATIONS

- Operating profit of R572 million (2017: R510 million)
- Margins benefitted from lower maize prices, that traded closer to export parity levels after the record crop of 16,8 million tons and were negatively impacted by a stronger Rand

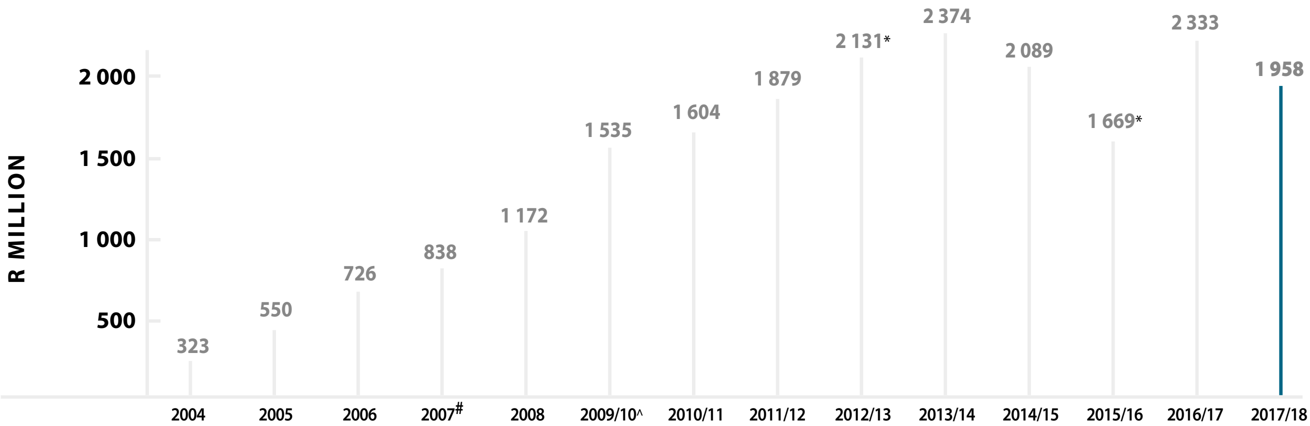
SUGAR OPERATIONS

- Operating profit of R837 million (2017: R1,271 billion)
- Total sugar production increased to 1 171 000 tons (2017: 1 056 000 tons)
- The price of raw sugar in the world market remained under pressure during the year

LAND CONVERSION AND DEVELOPMENT ACTIVITIES

- The sale of 96 developable hectares resulted in operating profit of R661 million (2017: R641 million from the sale of 75 developable hectares)
- Further investments were made during the year into planning and infrastructure that underpins future sales, mainly in areas where sales negotiations are underway or enquiries are being received

OPERATING PROFIT



2007 and prior: profit from Tongaat Hulett operations within the old Tongaat-Hulett Group ^Change in financial year end from December to March
*Restated for revised International Financial Reporting Standards

INTRODUCTION

INVESTMENT CASE

Tongaat Hulett is a proactive and resilient organisation working in collaboration with all its stakeholders in a focused, constructive, mutual value-adding and developmental manner. It is well-positioned to benefit, and be a key development partner, as agriculture and agri-processing in Sub-Saharan Africa develops from a low base. It has operations in six countries in Southern Africa, significant sugarcane and maize processing facilities, a unique land conversion platform, a growing animal feeds position, opportunities to further grow ethanol production and electricity generation, and possibilities in cassava processing.

TONGAAT HULETT'S STRATEGIC POSITIONING AND OBJECTIVES FOCUS ON THE FOLLOWING KEY POINTS

SUGAR - INCREASING RETURNS BY GROWING SUGAR PRODUCTION FROM AVAILABLE MILLING CAPACITY THROUGH CANE SUPPLY INITIATIVES, REDUCING THE UNIT COST OF PRODUCTION AND DEVELOPING KEY MARKETS AND PRODUCTS

- Tongaat Hulett, through proactive cane development and irrigation initiatives, will grow sugar production utilising its available milling capacity of 2 million tons per annum, benefitting from evolving preferential regional trade access and growth in sugar consumption.
- Across all its sugar operations, approximately 34 000 hectares of new cane land has been planted over the past six years, mainly in communal areas. The existing sugarcane footprint, given regular growing conditions and the completion of the planting partnerships already underway, should produce some 1,6 million tons of sugar. Total sugar production in 2018/19 is estimated to be between 1,31 million tons and 1,45 million tons. The production estimate is underpinned by improved water availability at all operations, and cane yields that reflect the benefit of agricultural improvement plans and the replanting of sugarcane roots after the drought.
- Governments are generally supportive of protecting domestic sugar markets from imported sugar, particularly against the background of the high rural job impact of the sugar industry. In Zimbabwe and Mozambique, the effectiveness of various protection measures has become meaningful. In South Africa, the South African Sugar Association has applied for an increase in the US dollar-based reference price, used in the calculation of the duties, from US$566 to US$856 per ton. A decision is expected in 2018. The Department of Economic Development has supported the application. The industry has committed itself to provide further support to small-scale growers and expand community sugarcane farming in rural areas. Higher duty protection would assist in rebuilding margins of both growers and millers. The sugar industry has reduced local prices in response to competition from imports and to recover local market share.
- Tongaat Hulett remains focused on various initiatives to increase domestic sales, including the ongoing development of its leading sugar brands; improvements in marketing and distribution activities; and the investment in a refinery in Mozambique. The refinery will deliver a step change improvement to the sales mix in Mozambique, as sugar, previously sold into world price related markets, will now be redirected to the local market. The new financial year will benefit from three months of refined sugar

production, with the full year benefit being realised in 2019/20. The prospect of an economic recovery in Zimbabwe is expected to translate into further growth in domestic demand, particularly in the industrial sugar market.

- Regional trade preferences and agreements are gathering momentum. In the region, Tongaat Hulett already realises a premium over world market prices, supported by high-quality products and services, and where possible, by leveraging its sugar brands. The Huletts® Refined and Huletts SunSweet® sugar brands are already available in targeted markets, such as Kenya.
- All sugar operations continue to prioritise the reduction of the cost base, building on the successes of previous years. Cost reduction initiatives are focused on bought-in goods, services, logistics, marketing and manpower costs across all the business areas. Unit costs of sugar production will benefit from future volume increases.

STARCH AND GLUCOSE - IMPROVED MAIZE OUTLOOK AND CONSOLIDATION OF VOLUME GROWTH

- The starch and glucose operation is focused on growing sales volumes and margins by continuing to replace imports with local production, by enhancing its product mix through new business development and by targeting selected export markets. Sales into Sub-Saharan Africa and other regional markets are accelerating from a low base.
- Working together with customers, further opportunities are being explored to increase sales volumes through customer exports.
- Market development to increase the production of value-added modified starches is progressing well. These initiatives are supported by further improvements to the use of available production, which still has more than 15 percent spare capacity, and in operating efficiencies.

LAND CONVERSION AND DEVELOPMENT - CONTINUING TO CREATE VALUE FOR ALL STAKEHOLDERS THROUGH AN INCLUSIVE APPROACH TO LAND DEVELOPMENT ACTIVITIES

- Tongaat Hulett has a portfolio comprising 7 612 developable hectares of prime land in KwaZulu-Natal, near Durban and Ballito, which over a number of years, will be converted out of sugarcane into urban land usage. Of this land, some 47 percent (3 566 developable hectares) has been released formally from agriculture through approvals granted by the national government in response to applications made with the support of local and provincial government. Environmental approvals, which provide clarity regarding timing and suitability for ultimate usage, have been received for specified, market-aligned developments on 1 485 developable hectares.
- Considerable progress has been made towards bringing land to shovel-ready stage, with Tongaat Hulett having invested R979 million into land earmarked for future sales, to create a sound planning and infrastructure platform. Available shovel-ready land currently totals 185 developable hectares, exceeding the 171 hectares sold over the past two years. In the socially and economically important Cornubia area alone, investments of R489 million have been made.
- Significant negotiations are currently underway over some 300 developable hectares spread over Ridgeside, Sibaya, Cornubia, Bridge City, Umhlanga Ridge Town Centre, Kindlewood, Inyaninga and Tinley Manor.

LEADERSHIP AND STRENGTH OF MANAGEMENT TEAM

- Multiple advanced core competencies, good governance, strong executive and Board leadership.

SOCIO-ECONOMIC POSITIONING AND CONSTRUCTIVE INTERFACE WITH GOVERNMENTS AND SOCIETY

- Strategic positioning in the region is underpinned by the fundamental link between agriculture, agri-processing, rural jobs and community development, government and local authorities, unlocking infrastructure investment, and the conversion of cane land to development.

OTHER OPPORTUNITIES

- Attention continues on how best to unlock opportunities in ethanol production and electricity generation to maximise the value extracted from sugarcane.
- Working to unlock livestock nutrition in the region, by leveraging its Voermol platform.
- Future ethanol production in South Africa currently looks particularly promising.
- Exploring opportunities for cassava processing.

BUSINESS MODEL

RESOURCES AND RELATIONSHIPS: PEOPLE | LAND | COMMUNITIES

BUSINESS PROCESSES AND INPUTS

ALLOCATED AND PRIORITISED ACCORDING TO KEY FOCUS AREAS:

STARCH OPERATIONS
IMPROVED MAIZE OUTLOOK AND CONSOLIDATION OF VOLUME GROWTH

MAIZE SUPPLIES

SUGAR OPERATIONS
INCREASING RETURNS FROM ASSET BASE AND DEVELOPING KEY MARKETS AND PRODUCTS

SUGARCANE FARMING AND SUPPLIES

MILLING
PRODUCTION
DISTRIBUTION

LAND CONVERSION AND DEVELOPMENT
CONTINUING TO CREATE VALUE FOR ALL STAKEHOLDERS

AGRICULTURAL LAND IDENTIFIED FOR DEVELOPMENT

CONVERSION AND DEVELOPMENT ACTIVITIES INCLUDING INFRASTRUCTURE INVESTMENT

OUTPUTS

- SUGAR PRODUCTS
- STARCH PRODUCTS
- ANIMAL FEEDS
- CO-PRODUCTS
- RENEWABLE ENERGY - ELECTRICITY AND ETHANOL
- SHOVEL-READY LAND TO ENABLE THIRD-PARTY INVESTMENT IN MULTIPLE MARKET SECTORS

OUTCOMES

- SUSTAINABLE REGIONAL DEVELOPMENT
- EMPLOYMENT AND ECONOMIC ACTIVITY
- FOOD SECURITY
- RURAL DEVELOPMENT

OPERATING IN ENVIRONMENTS THAT PRESENT BOTH OPPORTUNITIES AND RISKS:

- DEVELOPMENTAL PARTNERSHIPS WITH SADC GOVERNMENTS
- ECONOMIC GROWTH
- SAFETY, HEALTH AND ENVIRONMENT
- SOCIAL SUSTAINABILITY AND INNOVATION
- PRODUCT INNOVATION
- SOCIO-ECONOMIC DEVELOPMENT AND ECONOMIC DEVELOPMENT
- COMMODITY CYCLES

SHARED VALUE PARTNERSHIPS WITH KEY STAKEHOLDERS:

- SHAREHOLDERS, INVESTORS, BANKS AND ANALYSTS
- GOVERNMENT AUTHORITIES AND REGULATORS
- SOCIETY AND COMMUNITIES
- PRIVATE FARMERS
- EMPLOYEES
- CUSTOMERS, SUPPLIERS AND SERVICE PROVIDERS

VALUE CREATION FOR ALL STAKEHOLDERS THROUGH AN ALL-INCLUSIVE APPROACH TO GROWTH AND DEVELOPMENT

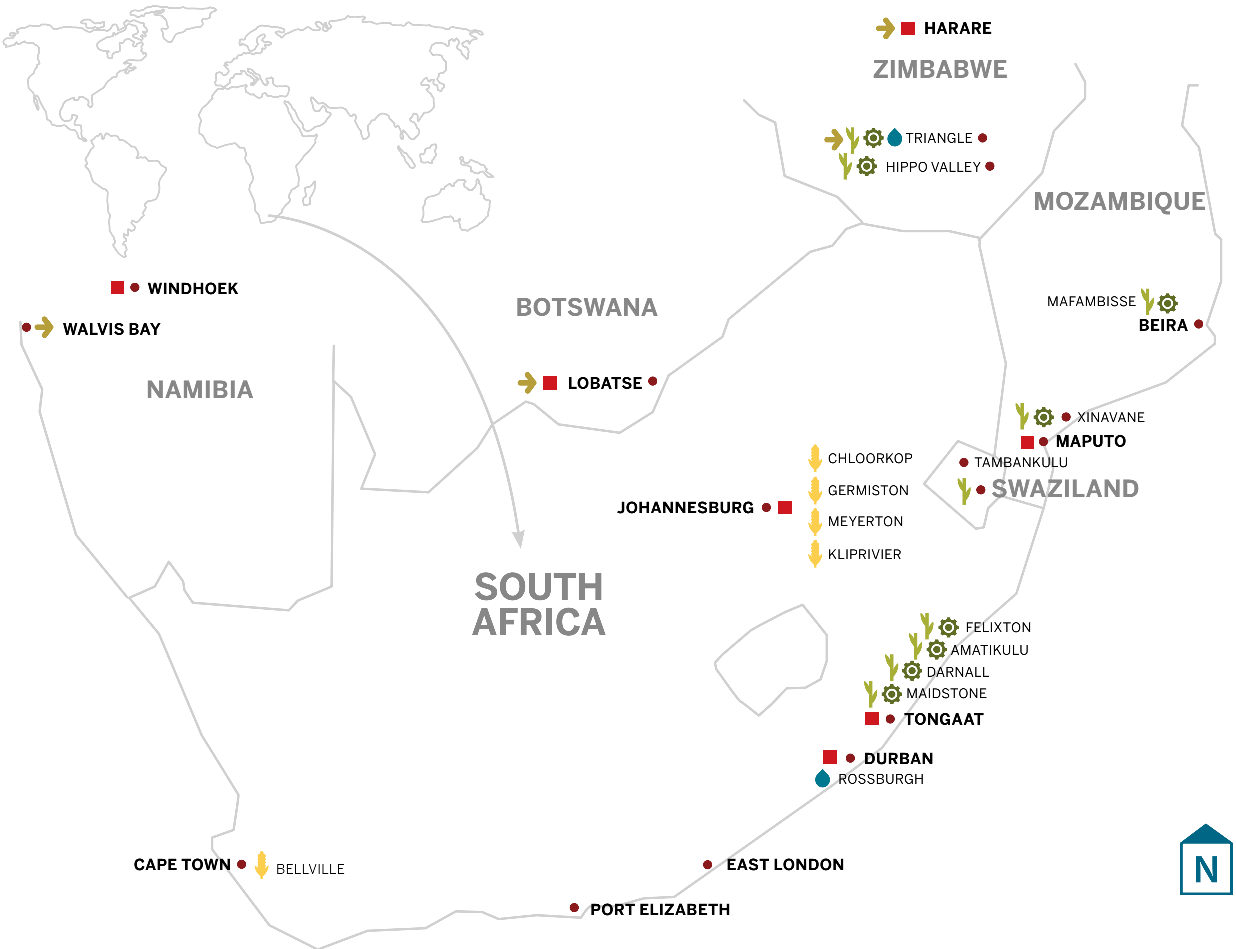
GEOGRAPHIC FOOTPRINT

THE EIGHT SUGAR MILLS ARE SUPPLIED BY SOME 194 408 HECTARES OF SUGARCANE, SOURCED FROM A COMBINATION OF LARGE-SCALE FARMERS, SMALL-SCALE FARMERS, LAND REFORM FARMERS AND OWN ESTATES

MORE THAN 30 YEARS SELLING TO REGIONAL MARKETS WITH ESTABLISHED OPERATIONS IN SIX COUNTRIES

THE THIRD LARGEST MAIZE BUYER IN SOUTH AFRICA

TOTAL PORTFOLIO OF 7 612 HECTARES AVAILABLE FOR LAND CONVERSION IN SOUTH AFRICA



KEY

- OFFICES
- STARCH MILLS
- CANE FARMING
- Sugar mills
- Sugar/ethanol refineries
- distribution and packaging facilities

SUGARCANE HECTARES SUPPLYING TONGAAT HULETT'S MILLS IN 2017/18

South Africa	116 416 HA	60%
Zimbabwe	45 245 HA	23%
Mozambique	28 910 HA	15%
Swaziland	3 837 HA	2%

TONGAAT HULETT PROFILE

MANUFACTURED CAPITAL

> 670 000 TONS OF MAIZE CONVERTED TO STARCH AND GLUCOSE PER ANNUM

LARGEST WET-MILLER OF MAIZE IN AFRICA

> 2 MILLION TONS INSTALLED SUGAR MILLING CAPACITY

7 612 HECTARES OF DEVELOPABLE LAND IDENTIFIED FOR CONVERSION AND DEVELOPMENT ACTIVITIES

TONGAAT HULETT IS AN AGRICULTURE AND AGRI-PROCESSING BUSINESS, FOCUSING ON THE COMPLEMENTARY FEEDSTOCKS OF SUGARCANE AND MAIZE. THROUGH ITS SUGAR AND STARCH OPERATIONS, TONGAAT HULETT PRODUCES A RANGE OF REFINED CARBOHYDRATE PRODUCTS FROM SUGARCANE AND MAIZE, WITH MANY PRODUCTS BEING INTERCHANGEABLE.

Global sweetener markets continue to be dynamic and the business seeks to optimise its various market positions, leveraging off its current base to maximise revenue from these products. The business's sugar operations are well placed to benefit from the evolving dynamics of renewable electricity and ethanol in the SADC region. Its ongoing activities in agriculture have resulted in the company having a substantial land portfolio within the primary growth corridors of KwaZulu-Natal with strong policy support for conversion at the appropriate time. A core element of Tongaat Hulett's strategic vision is to maximise the value generated from the conversion of land in the portfolio by responding to key demand drivers, identifying its optimal end use for all stakeholders and the investment in developing the land platform, which underpins the pipeline of shovel-ready land. Value creation for all stakeholders through an all-inclusive approach to growth and development is a key focus area and Tongaat Hulett regards its constructive interfaces with governments and society to be significant.

The company has a primary listing on the Johannesburg Stock Exchange dating back to 1952 and a secondary listing on the London Stock Exchange since 1939. The structure of the business in its current state arose from the merger of the Tongaat Group Limited and the Huletts Corporation Limited, and its operations date back to the mid-1800s.

Tongaat Hulett has seen the benefit of partnering with key stakeholders to achieve outcomes that represent a "win all". In so doing, these relationships contribute towards the achievement of the business's strategic objectives, while also meeting the objectives of its various stakeholders, including shareholders, governments, private farmers and their representative bodies, communities, employees and people impacted by the company's operations and its development activities. Tongaat Hulett's approach to working with its key stakeholders continues to support its objective of being considered the developmental partner of choice of governments in the SADC regions, in the journey to further growing their agricultural sectors.

SUGAR OPERATIONS

SOUTH AFRICA

The company's South African sugar operations on the KwaZulu-Natal north coast and in the Zululand region operate four sugar mills at Maidstone, Darnall, Amatikulu and Felixton. These mills have an installed capacity to produce more than 1 million tons of sugar per annum. Cane is sourced from a combination of predominantly rain-fed own estates, large-scale commercial and small-scale private farmers in rural KwaZulu-Natal. At the beginning of the 2017/18 season, the South African operations were supplied by 116 416 hectares. The operation's central refinery in Durban produces some 600 000 tons of high-quality refined sugar per annum, with the primary product being the leading Huletts® brand. The South African sugar product range offers a total sweetener solution including a range of high-intensity sweeteners.

ZIMBABWE

The sugar operations in Zimbabwe consist of Triangle and a 50,3 percent stake in Hippo Valley Estates, representing a combined installed sugar milling capacity of more than 640 000 tons. At the beginning of the 2017/18 season, the Zimbabwe operations were supplied by 45 245 hectares of sugarcane land (own-estates and private farmers) with a potential to produce more than four million tons of sugarcane. The total refined sugar installed capacity is

60 000 tons and the Triangle ethanol plant has an installed capacity of 41 million litres over a 48-week production season. Securing adequate water supply is important. In this regard, the 1,803 million megalitre capacity Tugwi-Mukosi dam (previously known as Tokwe-Mukosi) and the 1,740 million megalitres of the Mutirikwi/Tugwi system significantly improve the water security of the operation. The Lowveld region has a total dam capacity of some 4,226 million megalitres which provides adequate water for the Zimbabwean operations.

The Huletts Sunsweet® brand is the leading sugar brand in the country. The Lowveld in Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructure for irrigation, is recognised globally as a highly competitive sugar producer. The Zimbabwean operations include the business running the largest cattle herd and extensive game reserves, which have significant potential for tourism.

MOZAMBIQUE

The Mozambique sugar operations comprise the expanded sugar mills and estates surrounding Xinavane and Mafambisse. At the beginning of the 2017/18 season, 28 910 hectares supplied Tongaat Hulett operated mills. Sugar production capacity at the Xinavane mill is more than 250 000 tons in a 32-week crushing season, while the Mafambisse mill has an existing 90 000 tons of sugar production capacity. The two operations have a combined installed milling capacity in excess of 340 000 tons of sugar per annum. The sugar estates are irrigated and are generally located in areas with favourable growing conditions, resulting in high cane and sucrose yields. The larger Xinavane operation will benefit from the construction of the Moamba dam (760 000 megalitres) and the extension of the Corumana dam wall, which will result in its capacity being increased from 880 000 megalitres to 1,260 million megalitres by May 2019. The operation initiated the construction of a R550 million, 90 000-ton sugar refinery at its Xinavane operation during the year.

The favourable agricultural conditions, proximity to ports, and the technical support from South Africa, position the Mozambique operations well for further growth. The operations also include extensive landholdings, which border the Kruger National Park, and have high tourism potential.

SWAZILAND

Tongaat Hulett's Tambankulu sugarcane estate in Swaziland is situated in the north east of the country and comprises 3 837 hectares of fully-irrigated farms of which approximately 97 percent is harvested annually. The estate consistently achieves excellent sucrose yields due to the good soil and growing conditions in the region and delivers its cane to the nearby Simunye and Mhlume sugar mills. The estates have the capacity to produce a Raw Sugar Equivalent (RSE) of some 60 000 tons per annum.

NAMIBIA AND BOTSWANA

The Botswana operation has the capacity to pack and distribute 60 000 tons of sugar per annum using its Blue Crystal® brand while in Namibia, Tongaat Hulett has an 80 000 ton per annum packing and distribution operation with its leading Marathon® brand.

RENEWABLE ENERGY

The eight sugar mills in Mozambique, South Africa and Zimbabwe all generate electricity from bagasse during the sugarcane crushing season. In some instances, these operations supply electricity to the grid. In Zimbabwe, Triangle has an ethanol plant which provided 21,7 million litres for blending with petrol during the 2017/18 year. Tongaat Hulett is well placed to benefit from evolving renewable energy dynamics with the potential to build large-scale renewable electricity plants, as well as the opportunity to convert its export sugar to ethanol in its southern African operations.

VOERMOL FEEDS

The company's animal feeds operation, Voermol Feeds, is located at the Maidstone mill in Tongaat, KwaZulu-Natal. Tongaat Hulett manufactures and markets a range of energy and supplementary feeds to the livestock farming community through its Voermol® brand, using bagasse and molasses. The production and marketing of high-quality, cost-effective products over more than 50 years, combined with the development of long-term relationships with farmers, agricultural companies and suppliers, has established Voermol Feeds as the market leader in the molasses and pith-based animal feeds industry in South Africa.

LAND CONVERSION ACTIVITIES

Tongaat Hulett carries out land conversion activities in close collaboration with the public sector, communities and other businesses. These partnerships continue to increase in scope and socio-economic impact. Tongaat Hulett's development activities are supporting a comprehensive, embedded social programme; are yielding increasing numbers of opportunities for well-located, affordable neighbourhoods; and are enabling transformation of ownership and participation in the real estate value chain. Of the sugarcane land supplying Tongaat Hulett's South African sugar mills, only 7 percent is owned by Tongaat Hulett, while the area under black ownership now exceeds 41 percent.

Tongaat Hulett's inclusive approach to growth and development simultaneously drives rural development in these cane catchment areas and urban social and economic empowerment through development of 7 612 developable hectares of prime land in KwaZulu-Natal, near Durban and Ballito, which will be converted out of sugarcane into urban land usage over a number of years.

These activities are underpinned by ongoing use of the land under agriculture throughout the development cycle and commence with collaborative planning with authorities on optimum use of land for all stakeholders. This leads to the release from agriculture and other development approvals, simultaneously strengthening demand drivers and unlocking infrastructure at key points, while executing optimal sales and development strategies for the various parcels of land.

Further details regarding these ongoing processes are provided in Tongaat Hulett's Land Development Portfolio, available at **www.tongaat.com/LDP**

STARCH AND GLUCOSE OPERATION

Tongaat Hulett's wet-milling operation is the major producer of starch and glucose on the African continent. Established in 1919, the starch operation is an important supplier to a diverse range of South African and African industries. Operating four wet-milling plants located in Kliprivier, Germiston and Meyerton in Gauteng and Bellville in the Western Cape, Tongaat Hulett converts more than 670 000 tons of bought-in maize per annum into starch and starch-based products. The business manufactures a wide range of products, from unmodified maize starch to highly-refined glucose products, which are key ingredients for manufacturers of foodstuffs, beverages and a variety of industrial products. The company's Amryal® corn starch, Hydex® and Vaalgold® Gluten 60 remain some of the leading starch, glucose and feed ingredient brands in South Africa. The co-products produced during the starch and glucose manufacturing process supply the animal feed industry. The business operates a dedicated Sorbitol facility, which is in Chloorkop in Gauteng, and has distribution networks and facilities in Zimbabwe, Australasia and the Far East.

Tongaat Hulett's significant investments in the production of sweeteners using both sugar and maize will ensure that the business remains well positioned to benefit from global developments in this area.

CHAIRMAN'S STATEMENT

Bahle Sibisi
Chairman

The resilience of Tongaat Hulett was severely tested during the year, as the company endured challenging market conditions in the sugar operations after high volumes of imported sugar entered South Africa and competed with local production.

OPERATING ENVIRONMENT

Overall, the financial results reflected a disappointing 37% reduction in headline earnings for the year. The starch and glucose operations delivered a pleasing performance with higher sales volumes and the benefit of lower maize costs contributing to improved profit. In the land conversation and development activities, significant progress was made towards bringing more land to a shovel-ready state which is necessary to unlock value through future sales. Tongaat Hulett continues on its journey to create value for all stakeholders through an all-inclusive approach to growth and development.

Notwithstanding the challenging environment, the Board continues to believe in and invest for the future. Root replanting increased beyond normal levels as climatic conditions improved in both Zimbabwe and South Africa; significant spend was allocated to infrastructure and the Development business to unlock further land sales and future cash flows. The refinery project in Mozambique was approved to enhance the value of the business and substitute imported sugar with locally produced refined sugar thereby contributing to the development of the downstream industry in Mozambique. Thus, as the Board, we remain confident about the strategic direction of the business and are focused on driving improved business and financial performance, with particular emphasis on generating positive cash flows and reducing debt levels.

SUSTAINABILITY

The food industry is crucial in promoting sustainable development. The company is focusing on improving the efficiency of production processes in order to reduce greenhouse gas emissions and water consumption. Promoting more sustainable agricultural and farming practices for the businesses' strategic supply chain has received increased attention. Tongaat Hulett continues to actively participate in various sustainability reporting initiatives, including the UN Global Compact, CEO Water Mandate and the Alliance for Water Stewardship. The company also participates in the FTSE/JSE Responsible Investment Index series, CDP carbon disclosure, CDP water disclosure, and supports the United Nations 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 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 the company can make the most meaningful, positive impact.

Tongaat Hulett has established a major footprint in the SADC region and is increasing its presence in a number of countries in the region, laying the foundations for solid future development in other targeted markets.

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 the company operates and this continues to be a priority. Stakeholders are encouraged to view business performance holistically, both in financial, environment 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, enabling stakeholders to make informed assessments about the performance of the company and its prospects in the long term. The Board appreciates that constructive and inclusive engagement will generally result in mutually beneficial outcomes, where both the company and respective stakeholders benefit. Tongaat Hulett interfaces regularly, in an open and honest manner with the investment community, shareholders, governments, small-scale and commercial private farmers and their representative bodies, communities, employees and people impacted by company operations or expansion activities.

The company's commitment to fruitful, constructive, mutual value-adding engagement is increasing, particularly given the rapidly evolving context of the potential for key stakeholders to have a major impact on the success and risk profile of the business's operations. Consequently, given the ongoing nature of changes in the external operating environment, stakeholder engagement within the company has remained a structured and ever-evolving strategic imperative.

Various strategic engagements throughout the period included collaboration with multiple stakeholders to improve sugarcane supply to sugar mills, thus positively impacting on the socio-economic dynamics of the communities in which the company operates. Through constructive engagement with various governments at all levels where Tongaat Hulett has a geographical footprint, the visible beneficial outcome has been the support received on protecting domestic sugar markets, particularly in Mozambique and Zimbabwe. Meanwhile, in South Africa, the Department of Economic Development has supported the application by the South African Sugar Association for an increase in the US dollar-based reference price used in the calculation of import duties. These dynamics continue to highlight the growing importance of governments understanding the significant contribution that agro-processing companies like Tongaat Hulett make in the developmental agenda of countries in the SADC region, through rural job creation, economic growth and development.

The company takes pride in its various socio-economic development programmes, with many successful case studies highlighted in the social and relationship capital section of this integrated annual report. The company's key focus areas on SED initiatives continue to be healthcare (HIV/AIDS and malaria management among others), basic amenities (including food security projects), education, promoting sustainable agriculture, rural and urban development, healthcare, as well as sports, arts and culture activities.

DIVIDEND

The Board declared a final gross cash dividend of 60 cents per share. The final dividend, together with the interim dividend of 100 cents per share, provides shareholders with a total dividend of 160 cents per share for the financial year ended 31 March 2018.

CORPORATE GOVERNANCE AND GOOD FUNCTIONING OF THE BOARD

There were no changes to the Board during this period. The current composition of the Board, with its gender and race diversity, the appropriate skills mix, age, experience and regional diversity all enable an environment for robust, balanced discussions and sound decision-making.

The Board's next formal evaluation process will be externally facilitated, and this will apply to the Board as a unit, its committees, its Chairman and individual members of the Board.

The Board welcomed the enhancements to governance introduced by King IV™, and has ensured appropriate application of the principles and recommendations. The Board continues to provide effective and ethical leadership, and strives to ensure that the company is governed with diligence and integrity. Effective governance is the cornerstone for the long-term success of the company and the Board is satisfied with the proper functioning and effectiveness of its various committees.

At the next AGM scheduled on 8 August 2018, the Board will seek the re-election of SG Pretorius, who turned 70 in 2018. The Memorandum of Incorporation states that a director who has reached the mandatory retirement age of 70 is required to retire at the next AGM after attaining that age, and may be re-elected by shareholders for a specific term as determined by shareholders in a specific ordinary resolution. The company wishes to retain his services, experience, knowledge, skills and wisdom for a further period of up to two (2) years. Mr Pretorius also serves as the Chairman of the Remuneration Committee and is a member of the Nomination Committee.

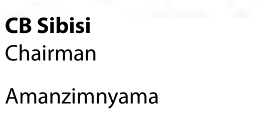
CEO SUCCESSION PLANNING

After 16 years at the helm as the CEO of Tongaat Hulett, Peter Staude has reached the age of 65 and is due to retire during the coming year. The Board is undertaking the necessary processes to deal with the retention as well as strengthening of the existing executive talent pool in the company. Peter has done a tremendous job as the CEO of Tongaat Hulett and we owe him a debt of gratitude for his considerable efforts and leadership of the company. It remains our primary objective as the Board to ensure a smooth transition to his successor at the appropriate time. Further announcements in this regard will follow.

APPRECIATION

An important success factor that we value and appreciate is the continued support and confidence of shareholders including long term institutional investors as well as other stakeholders who are developmental partners in all the countries and communities in which we operate.

May I express my appreciation to the Board for its diligence, cooperation and wise counsel. The Board joins me in thanking the CEO, Peter Staude, his executive team and staff for their hard work in managing the business and positioning it for greater success in the future.



CB Sibisi
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

CHIEF EXECUTIVE'S REVIEW

Peter Staude
Chief Executive Officer

Tongaat Hulett's financial results were adversely affected by various dynamics that contributed to the company reporting only its fifth highest operating profit performance in the past 15 years. The business continues to focus on its strategic opportunities and there has been good progress in working towards the achievement of key goals.

In the past year the sugar operations were impacted by the dynamics of imports into the South African market, low international sugar prices and the impact of stronger local currencies on export realisations. Sugar production reflected a partial recovery from the drought conditions of the previous two seasons.

The starch and glucose operation benefitted from more competitive maize costs in the second half of the year and the period saw higher sales volumes arising from the initiative to replace customers' imported volumes with local production, new business development and growth in export markets.

Land conversion and development activities resulted in the business now having some 47 percent (6 percent in 2012) of the land portfolio which has been formally released from agriculture. Environmental approvals were received for specified market-aligned developments on 1 485 developable hectares and 185 developable hectares of shovel-ready land is now available. Expectations are that over the next five years some 600 to 1 100 developable hectares will be sold.

STARCH AND GLUCOSE

IMPROVED MAIZE OUTLOOK AND CONSOLIDATION OF VOLUME GROWTH

Garth Macpherson
MD Starch and Glucose

Amanda Albäck
Finance Executive

Charles Macu
Operations Executive

Stewart Krook
Marketing Executive

Thoko Dingaan
HR Executive

The starch and glucose operation is focused on growing its sales volumes and margins by continuing to replace imports with local production, by enhancing its product mix through new business development and by targeting selected export markets. Sales into Sub-Saharan Africa and other regional markets are accelerating from a low base.

Tongaat Hulett's starch operation currently has about 15 percent of its installed up-stream wet-milling capacity available after servicing existing markets. The operation has a well-developed source of raw materials, a strong South African domestic market presence and access to regional markets. The ongoing focus on operating efficiencies and cost reduction will continue to contribute to profitability.

During the 2017/18 financial year, Tongaat Hulett made good progress in realising the benefits of previous investments undertaken to expand capacity for the coffee creamer sector along with upgrades to key production channels that have improved production capabilities and flexibility. Growth in the domestic market amounted to 5,7 percent and combined with export growth of 21 percent has seen the starch operation achieve a record level of starch and glucose sales of 515 000 tons.

Sales from the import replacement project resulted in some 11 000 tons of imports being replaced with locally manufactured product. In the paper making sector, the work conducted with customers to change the customer raw material mix, combined with the recommissioning of production lines led to a growth in this sector of some 6 500 tons, most of which occurred in the second half of the year. In the coffee creamer sector, demand rebounded as lower price points, supported by the lower maize price, and customer marketing initiatives saw the sector grow by 12 percent.

Looking ahead, investments to expand and optimise the powdered glucose manufacturing facilities are expected to be made during the first quarter of the financial year and will support growth anticipated in powdered glucose sales. Strong growth is expected in the paper making sector, benefiting from the success in the second half of the prior year. Growth in modified starches, with an expanded range of products that support the food industry, is expected to exceed 10 percent.

Overall, local market sales growth is expected to be moderate compared to the prior year, with the impact of muted domestic consumer demand being offset by ongoing benefits from the import replacement project and from new business volumes being in place for the full year. Good progress continues to be made in growing exports to regional African markets, with volume growth of more than 15 percent being achieved during the year. Exports to regional markets now account for more than half of current export volumes and have led to an improved market mix of export sales.

Following the previous year's record South African maize crop of 16,8 million tons, carry in stocks of some 4 million tons were in place at the beginning of the current season. Despite lower maize prices leading to a decrease in planting area in the current season, reasonable weather conditions experienced during the summer growing season are forecast to yield a crop of 12,8 million tons. Total maize supply is expected to be sufficient and maize prices should remain competitive, close to export parity levels, supporting improved margins.

SUGAR

INCREASING RETURNS BY GROWING SUGAR PRODUCTION FROM AVAILABLE MILLING CAPACITY THROUGH CANE SUPPLY INITIATIVES, REDUCING THE UNIT COST OF PRODUCTION AND DEVELOPING KEY MARKETS AND PRODUCTS

Rosario Cumbi
MD Sugar Mozambique

Martin Mohale
MD Sugar South Africa

Sydney Mtsambiwa
MD Sugar Zimbabwe

Dan Marokane
Executive

Dave Meadows
Strategic Development Executive

Peter McKerchar
International Sugar Markets Executive

Sergio Zandamela
Commercial Executive - Mozambique

Governments are generally supportive of protecting their domestic sugar markets from imports due to its high rural jobs impact and the economic contribution that the sugar industry makes. For the domestic markets in Zimbabwe and Mozambique, the operations benefitted from the protection measures currently in place and the prospects for substantially improving protection levels of the South African domestic sugar market are good.

Tongaat Hulett continues to maintain a strong market share and brand presence in the domestic markets in the countries where it produces sugar. The sugar industry is a significant contributor to the economy in each of these countries. In South Africa alone, the sugar industry contributes some R14 billion to the economy, directly employs an estimated 85 000 people and supports some one million rural livelihoods.

Import protection in South Africa remains the lowest in the region, with import duties calculated using a US dollar-based reference price of US$566 per ton (25,6 US c/lb). By comparison, the reference price to calculate the import duties in Mozambique is US$806 per ton (36,6 US c/lb) for raw sugar and US$932 per ton (42,3 c/lb) for refined sugar. In Zimbabwe, protection of the local market is through a restricted import permit system and an import duty of US$100 per ton plus 10 percent of the value imported.

In South Africa, over several months, upward revisions to the import duty were not implemented timeously, followed by a period when zero duty was erroneously applied. As a result, some 520 000 tons of imported sugar entered South Africa and eroded local sales volumes by a third. The South African Sugar Association applied for an increase in the US dollar-based reference price, used in the calculation of the duties, to US$856 per ton (38,8 US c/lb). The application was published in the Government Gazette on 11 May 2018. Comments from interested parties closed on 31 May 2018 and a decision is expected during 2018. The Department of Economic Development has supported the application to increase the duty. The industry recently took significant steps towards the creation of a more transformed and sustainable sugar association. These measures included adopting changes to industry structures to accommodate the South African Farmers Development Association (SAFDA), a new grower grouping that provides small-scale and emerging growers with improved representation within the industry. In addition, the industry has committed to provide further support to small-scale growers and expand community sugarcane farming in rural areas. Higher duty protection will assist in rebuilding margins of both growers and millers.

In 2017/18, sales into domestic markets represented 65 percent of Tongaat Hulett's total sugar production. Domestic market sales in 2018/19 are expected to benefit from an increase in sugar consumption per capita, supported by population and economic growth. In Zimbabwe, sugar consumption of 22kg per capita per annum is lower than historical levels, having been impacted by affordability and availability constraints in rural areas. The prospect of an economic recovery in Zimbabwe after the major transition in leadership, is expected to translate into a further growth in domestic demand, particularly in the industrial sugar market. Sugar consumption in Mozambique is a low 9kg per capita per annum.

An increase in consumption in Mozambique to 20kg per capita per annum represents an increase in local market sales of some 275 000 tons.

Sugar consumption per capita in South Africa has remained stable at 33kg per annum and the introduction of the Health Promotion Levy, the tax on sugar-sweetened beverages, is unlikely to reduce consumption significantly. Beverage manufacturers have reformulated certain products to reduce sugar content and reduced sales to these industrial customers is expected to be mitigated by population growth.

Tongaat Hulett remains focused on various initiatives to improve domestic market penetration and product availability, including:

- the ongoing development of its leading Huletts®, Huletts SunSweet®, Blue Crystal® and Marathon® sugar brands;
- improving access to sugar by reviewing pack sizes to match affordability, while maintaining economic recoveries;
- expanding the distribution network to match population demographics and tackling challenges with respect to logistical access into rural areas; and
- streamlining logistics at the mills to respond to peak demands, with an emphasis on packing capacity and dispatch.

CHANGING WORLD TRADE DYNAMICS AND ITS POSITIVE IMPACTS ON REGIONAL SUGAR MOVEMENTS

Global international trading relationships are experiencing an unprecedented level of change and uncertainty, not seen since the end of World War II, where nationalism is tending to replace the globalisation that the World Trade Organisation (WTO) sought to entrench. The global trading regime envisaged in the General Agreement on Tariffs and Trade (GATT) and WTO is struggling to make progress on key fronts that have been stalled now for more than 20 years, particularly in the area of trade liberalisation in key agricultural commodities. The suppressed world market price for sugar continues to reflect the impact of the multiple trading regimes and government interventions that persist within the sugar sector.

The EU continues to pay more than €400 million per year to sustain 3 to 4 million tons of white sugar production annually that would otherwise not arise. Longstanding international trade arrangements in multiple global regions are being renegotiated, reviewed or called into question. The intended goal of a global multilateral trade system is increasingly being supplanted by bilateral and plurilateral trade arrangements, presenting both opportunities and threats.

Africa has for long had multiple, overlapping regional trade blocs, with some progress towards unifying SADC, Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC) into a tri-partite free trade area. Limited access to higher value markets in first world countries for agricultural goods has hampered rural development in the region, and in some cases local agricultural production is overwhelmed by imported products.

BUILDING ON THE RECENTLY ESTABLISHED PLATFORM IN MOZAMBIQUE TO SUBSTANTIALLY INCREASE PERFORMANCE AND PROFITABILITY OF THE OPERATION

The investment in a 90 000-ton sugar refinery at the Xinavane operation will deliver a step change improvement to the sales mix in Mozambique, as sugar, previously sold into world price related markets, will now be redirected to the local market. Presently, demand for refined sugar in Mozambique exceeds the limited existing production capacity with the shortfall being imported into the country. In addition to replacing imported sugar, the refinery will satisfy the country's growing industrial demand, particularly in light of the recent and planned expansion of capacity by industrial users of sugar. Tongaat Hulett's capital investment of R550 million in the refinery builds on the investments the company has made over a period of 20 years, which in money of today amounts to some R5,5 billion for the Xinavane operation. The current replacement value of Xinavane is now some R10 billion and the operation is recognised as the premier sugar manufacturing asset in Mozambique. The business is well placed to leverage off this established asset base supported by growth in the domestic sugar consumption in a country with a population of some 28,8 million people and one of the lowest per capita consumption levels in the world.

The refinery at Xinavane is well located in relation to Maputo's concentration of industrial customers. The refinery is on target for commissioning in September 2018 and the project is within budget. The 2018/19 financial year will benefit from three months of refined sugar production, with the full year benefit being realised from 2019/20.

Increasingly Africa's countries are looking to expand trade amongst themselves to replace imported agricultural goods with African agricultural goods. Recent developments around imports of world market sugar in Kenya and Tanzania confirmed this growing trend of the move towards regionalisation of trade.

The African Continental Free Trade Area was launched by Africa's heads of states in Kigali, Rwanda on 21 March 2018 and represents the first step on a long journey with the ultimate goal for unconstrained trade in goods across the African continent. The demise of high values for sugar in the EU is leading to a clamour by Southern and East African sugar producing countries with large export surpluses that were formerly delivered to the EU to call into question the current SADC and other sugar trade arrangements. South African Customs Union (SACU) being the single biggest sugar demand market in Sub-Saharan Africa is looking to gain better and preferred access to regional deficit markets.

The changing landscape in global and regional trade relations and dynamics holds both opportunity and risk for Tongaat Hulett and its stakeholders. Tongaat Hulett has been engaging for some time on a bilateral basis in the region to be recognised as a key developmental partner in agriculture and agri-processing, with significant progress already made to this end in Angola. Entrenching the Huletts® brand in the region by exporting branded sugar, Tongaat Hulett will be focusing resources to engage in this strategic opportunity. The objective is to shape the conversation and outcomes, and in so doing, will look to leverage both its extensive experience in agriculture and its current exports to the region's deficit markets to achieve a better outcome for agriculture in the destination markets and for its exports.

FLEXIBILITY TO ADJUST EXPORT DESTINATIONS AND MARKET POSITIONS TO ACHIEVE BEST POSSIBLE PRICES IN RESPONSE TO GLOBAL SUGAR TRADE AND MARKET DYNAMICS

The positive socio-economic impact of sugarcane and sugar beet in a rural context, is well documented and understood. It is accentuated by the high positive rural job impact of sustainable agricultural activity, with attendant benefits of ameliorating the consequences of unplanned urbanisation, meaning that the businesses priority remains to first supply increasing demand in its countries of operation before considering other markets. The current market mix for exports continues to move to a greater emphasis on regional deficit markets where premiums of between R500 and R1 000 per ton are currently being achieved as compared to exporting to markets where prices reflect the value of world futures markets.

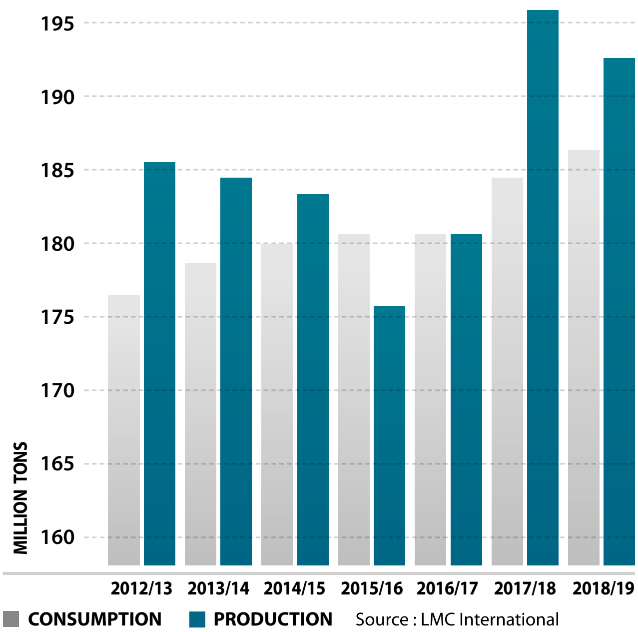
Tongaat Hulett's sugar production is projected to increase by between 280 000 tons and 430 000 tons by the 2019/20 season. The company's exposure to the world market outside the African regional market is expected to decline over the period from around 18 percent to 10 percent of total sales volumes partially driven by sugar imported into South Africa and Mozambique being substituted by locally produced sugar, the former driven by expected changes in the level of import protection in SACU, and the latter by the completion of the refinery at Xinavane in Mozambique.

Globally, annual demand for sugar continues to rise. Current growth is around 1,5 percent per annum, equal to some 2,6 million tons of additional demand per year, with growth in both Africa and Asia continuing to exceed population growth. Growth in global consumption is primarily driven by increasing demand in developing countries, which historically have a low per capita consumption rate because of limited availability, affordability and distribution capability.

The price of raw sugar in the world market came under pressure in the 12 months to March 2017 because of the prospects of a global production surplus in the 2017/18 year (October - September). The price has continued to show weakness. In the 12 months to March 2018 prompt prices traded in a range of some 12,2 US c/lb to 16,8 US c/lb. Of late, prompt prices have been trading in the range of 10,8 US c/lb to 13 US c/lb.

In the coming year, the price of raw sugar is currently expected to trade in a broad range of 8 US c/lb to 17 US c/lb, impacted by supply prospects over the coming 12 months in the major sugar producing countries. The reaction of farmers to the lower prices is impacted by multiple factors including the value of alternative crops, the extent of subsidies in the value chain and the reinvestment in sugarcane roots. Weather will continue to exert an important influence on agricultural outcomes.

GLOBAL PRODUCTION AND CONSUMPTION



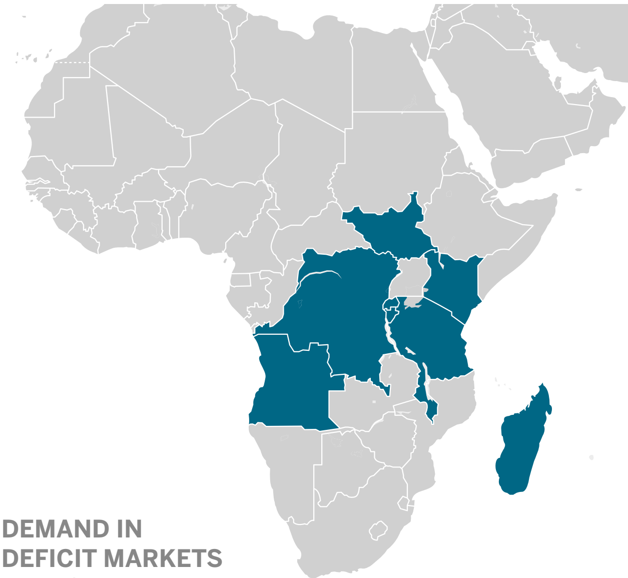
The sugar/ethanol mix in Brazil is expected to continue to impact increasingly on world sugar prices. The Brazilian government has recently announced initiatives to increase the production of ethanol from sugarcane.

At current pricing levels the probability of supply growth through sizeable investments in sugarcane growing and milling assets being triggered is remote.

GROWING A REGIONAL PRESENCE THROUGH COOPERATION AND DEVELOPMENTAL PARTNER REPUTATION

Tongaat Hulett is increasing its presence in a number of countries in the region where sugar deficits exist. The sugar deficit in these countries currently totals some 1,6 million tons, with a large portion supplied from outside the continent. Sugar consumption per capita in these countries averages 10 kg per annum (Brazil: 53 kg, South Africa: 33 kg) which, combined with higher population and economic growth rates, is conducive to a growing demand. This total deficit is anticipated to exceed 2 million tons by 2020. Regional trade preferences and agreements are gathering momentum. In the region, Tongaat Hulett already realises a premium over world market prices, supported by high-quality products and services, and where possible, by leveraging its sugar brands. The Huletts® Refined and Huletts SunSweet® sugar brands are already available in targeted markets, such as Kenya.

The Sub-Saharan Africa region has a particular position in the sugar market today as it holds the greatest potential for sugar consumption growth of any global region, with below-average per capita consumption and above average population growth. It has abundant resource for the expansion of agricultural production, in general, and sugar production in particular. It also has potential for diversification into biofuels, electricity generation and cooking fuels. There have been government initiatives, including support from international bodies and the EU, that have resulted in development growth for national sugar industries in a few countries. The industry in Southern Africa holds some of the best production-cost credentials in the sugar world.

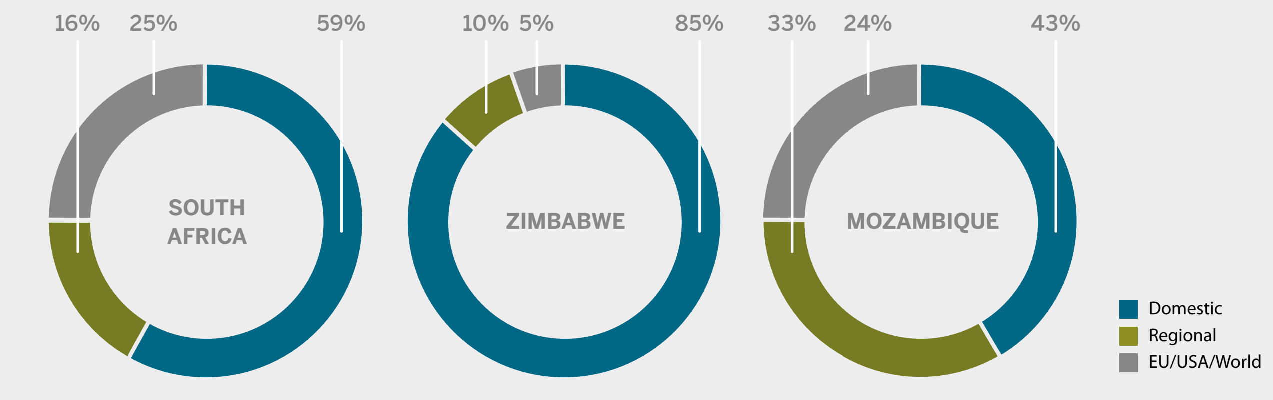


DEMAND IN DEFICIT MARKETS IN EASTERN AND SOUTHERN AFRICA

PROJECTED GROWTH IN REGIONAL DEMAND FOR IMPORTED SUGAR (TONS '000)

Country	2016/17	2019/20	Increase
Angola	361	415	54
Burundi	23	30	7
DR Congo	368	424	56
Kenya	373	516	143
Madagascar	98	130	32
Rwanda	50	72	22
South Sudan	117	131	14
Tanzania	228	323	95
Total	**1 618**	**2 041**	**423**

MARKETS SUPPLIED BY TONGAAT HULETT OPERATIONS IN 2017/18



Tongaat Hulett has more than 30 years' experience trading sugar to the region's deficit markets, having delivered in excess of 180 000 tons in the 2017/18 year. Sales improved on the back of increased production in South Africa and Mozambique, offset by the lower production in Zimbabwe. The Mafambisse and Xinavane sugar mills and the Huletts refinery in Durban are close to ports, providing efficient access to regional markets. Zimbabwe and Mozambique are well positioned for supplying regional deficit markets. Zimbabwe benefits from being a member of the COMESA trade bloc, and both countries are members of the SADC trade bloc. Good progress continues to be made in accessing regional markets with sugar from Zimbabwe and Mozambique.

Most deficit markets of Southern and Eastern Africa aspire to eventually establish their own sugar industries. The development of such industries takes many years. Options to enter the value chain by establishing local packing, selling and distribution capabilities, similar to Tongaat Hulett's operations in Botswana and Namibia, are being developed.

WELL-POSITIONED TO TAKE ADVANTAGE OF EU SUPPLY AND DEMAND DYNAMICS, POST-BREXIT UK POSSIBILITIES, US QUOTAS AND THE GROWING MARKETS FOR SPECIALITY SUGARS

Given the duty-free access of Tongaat Hulett's Mozambican, South African and Zimbabwean operations, the opportunities to benefit from increased sugar pricing during lower domestic EU sugar production periods remains, particularly in view of the business' ability to rapidly adapt its sugar supplies to various markets.

Prices in the EU have declined rapidly over the past 12 months and are currently in a surplus period, more reflective of the world market price for sugar. In the US, prices continue to reflect the benefits of the support and protection provided by the government, delivering a premium of between R2 750 and R3 300 per ton compared to world market prices.

Tongaat Hulett has commenced delivering high-value, special brown sugar to EU buyers from its two Mozambican sugar mills. These products are expected to grow to a meaningful proportion of Tongaat Hulett's deliveries of sugar to the EU in future. Opportunities continue to be sought to benefit from the duty-free quota recently allocated to South Africa.

Possibilities latent in the UK sugar market in a post-Brexit environment are emerging. Tongaat Hulett continues to influence the debate and outcomes in this regard to be able at least to continue with existing preferences, particularly for higher-margin, value-added sugars.

Details of the markets that Tongaat Hulett operations have supplied in the past year are presented above.

PROACTIVE SUGARCANE DEVELOPMENT AND WATER SUPPLY INITIATIVES TO GROW SUGAR PRODUCTION AND UTILISE AVAILABLE MILLING CAPACITY OF 2 MILLION TONS PER ANNUM

The focus remains on realising the cash flow potential of these operations through commercial initiatives, continued cost reduction interventions and exploring opportunities to expand downstream activities.

Sugar production in 2017/18 was 1,171 million tons, an increase of 115 000 tons from the 1,056 million tons produced in 2016/17. A strong post-drought recovery in production was achieved in South Africa, but production in Zimbabwe dropped due to low yields as low dam levels constrained water availability for irrigation during peak growing periods. Good rains in key catchments in Mozambique and Zimbabwe in the 2017/18 summer have filled the dams that supply irrigation to Tongaat Hulett's operations, such that they now contain enough water for between 15 and 30 months of irrigation. The recently commissioned Tugwi-Mukosi dam has provided a major improvement in water security in Zimbabwe. An accelerated replant programme, after limited replanting occurred in the previous season due to the drought, has further contributed to improved yield prospects in all agricultural operations. Given regular growing conditions, continued progress with the agricultural improvement programmes and completion of the planting partnerships already under way, the existing sugarcane footprint has the potential to produce some 1,6 million tons of sugar. The total sugar production estimate for 2018/19 is between 1,310 million tons and 1,450 million tons.

Tongaat Hulett, in collaboration with multiple stakeholders, continues to expand the sugarcane supply to meet the capacity of its sugar mills, contributing significantly to the socio-economic dynamics of the communities in which it operates. Across all its sugar operations, approximately 34 000 hectares of new cane land, within reasonable distance to company sugar mills, has been planted over the past six years, mainly in communal areas. The replacement value of Tongaat Hulett's unutilised sugar milling capacity in 2017/18 exceeds R20 billion.

Tons raw sugar	Historical peak production	2013/14 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Estimate	2019/20 Early estimate*	Capacity
South Africa	977 000 (2000/01)	634 000	323 000	353 000	513 000	560 000 - 630 0000	610 000 - 675 000	1 000 000
Mozambique	271 000 (2014/15)	249 000	232 000	198 000	218 000	264 000 - 280 0000	290 000 - 310 000	340 000
Zimbabwe	578 000 (2002/03)	488 000	412 000	454 000	392 000	433 000 - 483 0000	500 000 - 560 000	640 000
Swaziland^	59 000 (2011/12)	53 000	56 000	51 000	48 000	53 000 - 57 000	54 000 - 58 000	60 000
Total	**1 885 000**	**1 424 000**	**1 023 000**	**1 056 000**	**1 171 000**	**1 310 000 - 1 450 000**	**1 454 000 - 1 603 000**	**> 2 000 000**

* Progress with replant programme, given average rainfall in the summer of 2018/19 and targeted progress with the agricultural improvement plans. ^Raw Sugar Equivalent

Growth in sugar production from the existing sugarcane footprint, through better yields and sugar content, has a low marginal cost as milling costs are 85 percent fixed. Tongaat Hulett's average marginal cost of the additional sugar production to achieve the 1,4 million tons projected for 2018/19 is US$101 per ton (4,6 US c/lb), when produced from its own sugarcane. For third-party sugarcane, marginal costs are higher and move in tandem with revenue, as growers are paid a share of this revenue. Of the projected growth in sugarcane supply across Tongaat Hulett's operations in the next two years, 47 percent is expected to come from the company's own sugarcane.

SUGAR PRODUCTION WILL BENEFIT SIGNIFICANTLY FROM IMPROVED WATER AVAILABILITY

In Zimbabwe, the new 1,8 million megalitre Tugwi-Mukosi dam is currently 78 percent full, the 1,7 million megalitre Mutirikwi dam system is 54 percent full, and the two smaller supplying systems are 92 and 100 percent full. At current levels, these dams will ensure that the majority of the Zimbabwean sugarcane supply has sufficient water available to irrigate sugarcane for the next two years, irrespective of whether further rainfall is received during this period. The improved water availability ensured that full irrigation of the crop has commenced, which will result in substantially improved sugarcane yields over the next two seasons. In addition, the operation accelerated its sugarcane root replant programme, planting 5 448 hectares of Tongaat Hulett farmed sugarcane in 2017, while private growers planted 1 226 hectares, a total of 14,8 percent of the area under sugarcane. The improvement in sugarcane yields, accelerated sugarcane root replant and better crop positioning will result in sugar production rising to between 500 000 and 560 000 tons in 2019/20, which represents utilisation of 78 to 88 percent of the Zimbabwe operations installed sugar milling capacity.

In Mozambique, significant inflows into the Corumana dam near Xinavane meant that full irrigation resumed. The Corumana dam is currently 54 percent full and this provides water coverage through to August 2019, irrespective of whether further rainfall is received during this period, while the Muda dam near Mafambisse is 100 percent full, providing water coverage for two years. Water security at the Xinavane operation will be significantly improved by the building of the 760 000 megalitre Moamba Major dam, which commenced in October 2015, and the alterations to the Corumana dam currently in progress, which will result in the dam capacity being increased by 380 000 megalitres by the end of 2019. Sugarcane yields are projected to substantially increase over the next two seasons, as the operations benefit from the improved water availability combined with the impact of the ongoing intensive agricultural improvement programmes. Sugar production from the Mozambican operations is expected to rise to between 290 000 and 310 000 tons in 2019/20, reflecting the combined impact of improved water availability, higher sugarcane yields, accelerated sugarcane root replant and improved crop positioning, which represents between 85 and 91 percent utilisation of the Mozambican operation's installed milling capacity.

In South Africa, the sugar production for the 2017/18 season of 513 000 tons benefited significantly from the improved rainfall received during the key sugarcane growing months of November 2016 to March 2017. Over the past six years, Tongaat Hulett's South African sugar operations facilitated the planting of 28 500 new hectares to sugarcane as the operation partnered with various government agencies, including The Jobs Fund, to use existing and emerging opportunities for sugarcane development. These opportunities prioritise the establishment of indigenous black farmers in collaboration with rural communities, local governments and other relevant stakeholders, in all the company's areas of operation. Given ongoing average rainfall, particularly during the key sugarcane growing summer months of 2018/19, sugar production in the 2019/20 season is projected to grow to between 610 000 tons and 675 000 tons as the operations benefit from the growth in hectares harvested and improved sugarcane yields.

MULTI-FACETED AGRICULTURAL IMPROVEMENT PROGRAMMES HAVE ALREADY YIELDED CONSIDERABLE BENEFITS AND ARE ONGOING

Substantial progress continues to be made with the intensive agricultural improvement programmes that have, as their primary

focus, higher sugarcane yields, improving sugar content and sugar extraction. Tongaat Hulett continues to research, develop and adopt the latest technological advances across all its agricultural estates, utilising a peer review system that facilitates benchmarking and information sharing between operations. Areas of focus include the following:

- Controlled traffic farming systems (CTFS): Utilising GPS technology and changing row configurations to minimise the year-on-year crop and soil damage inflicted during harvest and ratoon management operations.
- Planting period optimisation: CTFS facilitates precision tillage operations which allow for less costly and more effective replants and importantly also allows for more of the annual replant programmes to be conducted in the months February to May each year (for irrigated estates). Planting during this period and harvesting the crop at the beginning of the following harvest season allows for plant crop yields to be optimised with subsequent ratoons harvested at an age of greater than twelve months (more mature cane with greater annualised sucrose yields per hectare) while rateable supply of cane to the mills is maintained.
- Drainage: Adoption of breakthrough infield surface and subsurface drainage technologies are being encouraged while estates, particularly in Mozambique, continue to make progress in the effectiveness of their macro drainage systems in line with detailed master drainage plans.
- Irrigation: A self-assessment tool was developed in-house to assist estates to benchmark themselves against global best practice to prioritise and plan for more efficient and flexible irrigation systems, matched optimally to the prevailing soil characteristics. More than 100 irrigation managers and operators were trained during the financial year on how to conduct systems performance evaluations as part of this process. A holistic approach to irrigation upgrades is being adopted to ensure that the sustainability of future farming systems is central to the decision-making process. Estates continued to make progress in metering irrigation pump station installations.
- Intra-field management: Progress has been made in the development of operational standards to enable operations to optimise the timing, sequence and quantity of agricultural inputs on an intra-field level i.e. precision agriculture.

Emphasis is being placed on realising synergies within farming systems, recognising the multiplicative effect each additional best practice standard achieved, or exceeded, has on overall crop performance. In so doing, crop resilience is bolstered, as part of which cash crops are being considered as rotational crops to boost soil health and future sugarcane crop performance. Tongaat Hulett is active in encouraging its grower communities to apply similar approaches in pursuit of sustainable yield improvement.

REDUCING THE COST OF THE SUGAR PRODUCTION VALUE CHAIN, FROM CANE GROWING TO THE DELIVERY OF SUGAR TO THE CUSTOMER

All sugar operations continue to prioritise the reduction of the cost base, building on the successes of previous years. The total cost reduction in 2017/18, compared to 2012/13, is R1,43 billion. Cost reduction initiatives are focused on bought-in goods, services, logistics, marketing and manpower costs across all the business areas. Examples of cost saving initiatives include:

- The investment in additional strategic sourcing capability to maximise the combined purchasing power of Tongaat Hulett's operations. Further savings are anticipated in the year ahead as new contracts are negotiated and cash flows will benefit from new ways of optimising working capital.
- The implementation of the intensive agricultural improvement programmes is contributing to savings on electricity and fertiliser cost as the benefits of improved irrigation and precision farming are realised.
- Tongaat Hulett has developed, patented and proven, via a demonstration plant, a new sugar refining technology, called GREEN refining. When fully implemented, the technology will reduce the energy requirements of a refinery by approximately half. The first phase of this technology has been implemented at the refinery in Durban, at a cost of some R90 million.

Commissioning will be completed in the second quarter of 2018/19, and the benefits in respect of the refinery's operating costs will be realised during the second half of the year.

With the SAP™ platform operational throughout the business, Tongaat Hulett is well-positioned to identify further cost saving opportunities through enhanced cost visibility, new business insights and increased benchmarking of operations.

UNLOCKING OPPORTUNITIES IN LIVESTOCK NUTRITION AND FARMING, ETHANOL PRODUCTION AND ELECTRICITY GENERATION

Opportunities in livestock nutrition and farming, ethanol production and electricity generation can add to the value extracted from sugarcane and diversify revenue streams for the sugar operations. These have the potential to provide an opportunity for further rural development and job creation which is important for the future expansion of the sugar industry.

Molasses, the liquid co-product arising from the production of raw crystal sugar at the sugar mills, is a valuable component of the sugar value chain. Tongaat Hulett adopts a regional approach to the use of molasses, taking into account the logistics costs of moving product within the region, to ensure it is used optimally. Currently, most of Tongaat Hulett's molasses is used in the animal feeds operation in South Africa and for ethanol production in Zimbabwe.

The combination of Tongaat Hulett's Voermol operation and the co-products produced by the starch and glucose operation, results in Tongaat Hulett having a significant footprint in the livestock nutrition industry, with a current turnover of R1,6 billion. The business continues to explore opportunities to expand this footprint in the region, particularly at its Mozambican and Zimbabwean operations:

- Mozambique is emerging as a producer of beef to replace imports, and market penetration has begun by supplying Voermol products through the Xinavane operation. A Livestock Improvement Centre demonstration facility to showcase Voermol products and stimulate demand is being considered.
- In Zimbabwe, plans are in place to grow the company's cattle herd from the current 6 000 head to 30 000 head in the next four years, using intensive farming, irrigated pastures, feedlots and improved genetics. A phased rehabilitation and modernisation of the mothballed 42 000 ton per annum animal feeds plant at Triangle mill is planned.

Tongaat Hulett has been producing fuel-grade ethanol in Zimbabwe for blending in the local market for many years, as well as producing smaller volumes of industrial alcohol. During the 2017/18 season, the distillery produced 21,7 million litres in total, with 27,5 million litres planned for 2018/19. In 2017, the statutory blending ratio was increased from 15 percent to 20 percent, with a further increase to 25 percent likely. Plans are being developed to debottleneck the Triangle distillery to increase production capacity from 40 to 70 million litres, in line with the growth in the market.

Future ethanol production in South Africa looks particularly promising. A task team, involving government and representatives of the sugar industry, is investigating the feasibility of a fuel ethanol programme as one of a range of measures intended to enhance the sustainability of the industry. A decision by sugar companies to invest in the production of fuel ethanol is dependent on regulatory certainty around the price support mechanism for sugar-based ethanol.

Electricity remains an important co-product of sugar production. All sugar mills generate their own electrical power needs, using sugarcane fibre as a fuel, and some generate additional power for irrigation and supply into the grid. With capital investment, much more electricity can be produced from the same fibre energy through high pressure boilers and improved sugar mill efficiency.

Opportunities are being explored for increased generation in Zimbabwe and Mozambique, including the possibility of a third-party-owned power island for the Mafambisse operation. In South Africa, large-scale renewable electricity from sugarcane continues to be reviewed. The wheeling of power from sugar mills in Northern KZN to starch mills in Gauteng has received final regulatory approval and will be in operation from June 2018. Tongaat Hulett and the South African sugar industry are continuing to engage with government at various levels to realise the possibility of electricity generation from cane fibre.

LAND CONVERSION AND DEVELOPMENT

CONTINUING TO CREATE VALUE FOR STAKEHOLDERS THROUGH AN INCLUSIVE APPROACH TO LAND DEVELOPMENT ACTIVITIES


Michael Deighton
MD Developments


Bongani Gumede
Community Public Private Parnerships Executive


Chris du Toit
Commercial Executive


Rory Wilkinson
Portfolio Strategy Executive


Sithembiso Mthembu
Development Execution Executive

Tongaat Hulett has well-established land development resources, track record and processes, underpinned by a portfolio comprising 7 612 developable hectares of prime land in KwaZulu-Natal, near Durban and Ballito, which over a number of decades, will be converted out of sugarcane into urban land usage.

Expectations are that over the next five years some 600 to 1 100 developable hectares will be sold during this land conversion process. The land conversion and development process is based upon comprehensive collaboration with public sector, communities and other businesses, that takes place across the entire land use cycle, from agricultural usage and rural advancement through to intensive urban development. These partnerships continue to increase in scope and socio-economic impact, with private sector investment of R7,8 billion currently underway on land previously sold, supporting 55 000 construction jobs, with 5 800 permanent jobs to be sustained as projects are completed.

Tongaat Hulett's development activities are supporting a comprehensive, embedded social programme; are yielding increasing numbers of opportunities for well-located, affordable neighbourhoods; and are enabling transformation of ownership and participation in the real estate value chain.

A wide range of stakeholders benefit substantially from Tongaat Hulett's land conversion processes. Society at large is deriving increasing benefit as Tongaat Hulett continues to improve its processes to attract fixed investment to the region, achieve urban spatial integration and integrated residential neighbourhoods, and create an ever-growing range of opportunities and mechanisms to stimulate transformation in property ownership and the real estate value chain. The land conversion process creates a platform for increased public sector income generation through rates and taxes, and maximises the returns from infrastructure investment, both financially and in terms of Enterprise Development (ED), job creation and local economic development. Tongaat Hulett's shareholders are benefiting from the increased value in the land portfolio which now reflects the impact of the activities and proactive planning undertaken by the business. Simultaneously, Tongaat Hulett's investments in new agricultural development are enhancing rural livelihoods.

SIGNIFICANT PROGRESS MADE IN KEY FOCUS AREAS, INCLUDING INCREASING THE EXTENT OF AVAILABLE "SHOVEL-READY" LAND

Further significant milestones have been achieved during this period in strengthening the foundations for increased value creation through land conversion activities into the future and acceleration in the short term. This progress is particularly important in the current environment of heated debate around land value for stakeholders, land tenure and spatial, economic and land reform.

A central measure and milestone of the progress made is the achievement of steps toward shovel-ready status, which enables Tongaat Hulett to unlock the developmental potential, social and economic value of the land under urban land use. This process has many elements and significant progress has been made on all of them; specific milestones are:

- Formal approval is required from the National Ministry of Agriculture, Forestry and Fisheries for release of land from agriculture under Act 70 of 1970. With the support of local and provincial authorities, Tongaat Hulett has applied for and been granted such approval over 3 566 developable hectares (47 percent of the portfolio), up from 537 hectares at the end of 2012. Such land is now being intensively accelerated into environmental and zoning approval processes.
- Environmental approvals for specified, market-aligned development have been granted over 1 485 developable hectares (20 percent of the portfolio), providing clarity on timing and suitability for ultimate use.
- Available shovel-ready land currently totals 185 developable hectares, exceeding the 171 hectares sold over the past two years.

THE INVESTMENT THAT HAS GONE INTO THE PLANNING AND INFRASTRUCTURE THAT UNDERPIN FUTURE LAND SALES, WITH THEIR ASSOCIATED MULTIPLIER EFFECTS, INCREASED TO R979 MILLION

The period under review has seen the completion of a number of significant infrastructural projects by Tongaat Hulett, together with other regional infrastructure initiatives by the public sector, that together represent significant progress in creating a platform for the city to be able to attract and satisfy demand for a range of urban land uses.

Of the R979 million invested, R489 million has gone into Cornubia, an area where intensive urban growth is expected to occur and where over 25 000 homes will ultimately be located in integrated, well-located, affordable neighbourhoods. In this last year Tongaat Hulett land sales have unlocked 2 500 of these opportunities, to be developed by the private sector, to add the 2 000 completed to date by the government. Cornubia is a landmark human settlement project for the country and represents visible evidence of the massive potential impact of collaborative delivery in urban development.

Cornubia North, representing the future expansion of the development northwards toward Sibaya at eMdloti and the King Shaka International Airport, has received approval for release from agriculture, and the concept for development is being refined for planning applications to be made in due course to move this landholding towards shovel-ready status.

The recent environmental approval for Tinley Manor represents an important new opportunity for Tongaat Hulett. Sales negotiations have commenced over 66 hectares, including 20 hectares for an internationally-branded coastal resort, the first of its kind in South Africa. Planning processes currently underway are expected to open new development areas around King Shaka International Airport. The first zoning approvals were granted at Ntshongweni west of Durban in April 2018.

Land development activities involve considerable cash inflows and outflows that occur over an extended period and may not coincide within a financial year. Strong cash inflows are anticipated, mainly in the second half of the next financial year. Several infrastructure projects in the region are completed or nearing completion, cash outflows will be below those of the previous two years.

DEMAND DRIVERS AND MARKET SOLUTIONS

The pace of sales is dictated by progress in moving land to a shovel-ready status; availability of metropolitan and regional scale infrastructure; demand arising from the various Demand Drivers and selection and successful conclusion of sales transactions most appropriate for each specific set of circumstances.

Analysis of individual Demand Drivers continues to amplify that, in many cases, Durban is lagging its potential to attract or address business and residential demand that would drive real estate investment and hence land take-up. Ongoing progress in creating more shovel-ready land in the region, across different geographical localities and serving a range of markets, is expected to start to enable underlying demand requirements to be better satisfied and to create the opportunity for Tongaat Hulett and the region to become more proactive in attracting investment and creating new markets.

The past three years have seen an ongoing focus on understanding the potential of and dynamics driving or retarding some 12 different Demand Drivers for land for a variety of urban uses. As this has progressed, the mechanisms to create specific real estate solutions that address these market dynamics have gained traction. This has led to increasing sales in targeted demand sectors such as retirement, primary, secondary and tertiary education and affordable residential neighbourhoods, that supplement existing markets such as mid-market and high-end residential, and high-intensity mixed-use, which Tongaat Hulett has addressed successfully over an extended period.

Significant negotiations are currently underway over some 300 developable hectares spread over a wide range of Demand Drivers and locations, including Ridgeside, Sibaya, Cornubia, Bridge City, uMhlanga Ridge Town Centre, Kindlewood, Inyaninga and Tinley Manor.

AREAS WHERE NEGOTIATIONS WITH PROSPECTIVE BUYERS ARE ONGOING

AREA	DEMAND DRIVER	Developable Hectares	Hectares under current negotiation
Ridgeside		16	14
uMhlanga Ridge Town Centre - Commercial		1	1
uMhlanga Ridge Town Centre - Residential		2	2
Sibaya - Nodes 1 & 5		43	13
Sibaya - Node 4		103	80
Sibaya - Node 6		123	30
Cornubia - Town Centre		25	25
Cornubia - uMhlanga Hills		14	14
Cornubia - Blackburn Extension		14	14
Bridge City		6	2
Kindlewood		9	9
Tinley		319	66
Inyaninga East - Affordable Housing		93	30
	TOTAL	768	300

AREAS WHERE ENQUIRIES ARE BEING RECEIVED AND NEGOTIATIONS ARE EXPECTED TO COMMENCE

AREA	DEMAND DRIVER	Developable Hectares
Ntshongweni - Retail & Urban Core		64
Ntshongweni - Logistics & Business Park		161
Cornubia - N2 Business Park		2
Izinga - Future Phase		60
La Mercy - West Phase 1		30
Compensation - East		73
uShukela Drive		49
Remaining sites on nearly completed developments		22
	TOTAL	461

AREAS FROM WHICH REMAINING SALES ARE EXPECTED TO COME OVER THE NEXT 5 YEARS

AREA	DEMAND DRIVER	Developable Hectares
Cornubia - Marshall Dam Town Centre & Consolidating Urban		82
Cornubia North - Integrated Affordable Neighbourhood / Business Precinct / Cemetery		202
Sibaya - Node 2 & 3		134
Inyaninga - East Logistics & Business Precinct		457
Inyaninga - West		187
Lindokuhle		52
Dudley Pringle - Residential & Urban		86
Aberfoyle		231
Amanzimnyama		345
Compensation - West		152
Ntshongweni - Residential		57
Ntshongweni - Integrated Residential Expansion & Recreational		108
Ntshongweni - Mid-Market Residential and Offices		39
	TOTAL	2 132
	GRAND TOTAL	3 361

The table on the previous page gives details of current negotiations, other areas where enquiries are being received and the areas from which sales anticipated over the next five years are expected to come.

The table that follows provides an assessment of the range of sales anticipated over the next five years based on an assessment of demand across the various Demand Drivers, evolving market solutions to address the dynamics of these various market sectors, progress in moving land to shovel-ready status, availability of metropolitan and regional scale infrastructure and selection of the transaction approach most appropriate to each set of circumstances.

The eighth edition of the document describing the approach to creating value for stakeholders through an inclusive approach to land development activities is circulated in hard copy, accompanying this report and is available at www.tongaat.com. The document provides further detail of the elements summarised in this report as well as the developmental process itself, the embedded social programmes, the infrastructure environment, the targeted Demand Drivers and details of each of the individual locations and their own unique opportunities.

ANTICIPATED RANGE OF SALES OVER FIVE YEARS

DEMAND DRIVER		AS COMMUNICATED AT MAY 2017				DEVELOPABLE HECTARES SOLD in the twelve months to 31 MARCH 2018	AS AT MAY 2018			
		Range of Developable Hectares		Range of Profit per Developable Hectare			Range of Developable Hectares		Range of Profit per Developable Hectare	
		From	To	From	To		From	To	From	To
Medium and High-Intensity Urban Mixed Use		48	118	19,2	42	4,5	47	107	19	38
Predominantly residential neighbourhoods	High-end residential neighbourhoods	92	186	5,6	16,7	27,6	103	194	5,3	17
	Mid-market neighbourhoods	56	90	3,2	6,6		46	135	3,6	6,4
	Integrated affordable neighbourhoods	91	199	2,5	5,8	34,6	83	125	2,5	6,8
	Public sector facilitated residential neighbourhoods	80	240	2,2	3		85	136	2,2	3
Urban Amenities for Residential Neighbourhoods		41	61	3,2	6	6,3	31	56	3,2	6
Retirement		49	59	3,8	12	17	31	52	3,8	12
Tourism Markets	City hotels and residences	4	5	12,5	15		4	8	12,5	21
	Coastal resorts catering to domestic, charter markets	15	42	3,5	6		24	41	3,5	6
Office Market		12	22	7,5	21,5	0,5	12	20	7,5	22
Warehousing, logistics, industrial, business park, manufacturing and big-box retail		94	233	4,8	9,5		105	155	4,8	9,4
Unique Clusters of opportunity		25	56	5	12	5,8	28	70	5	11,3
	TOTAL	607	1 311			96,3	599	1099		

CONSTRUCTIVE INTERFACE ARISING FROM RELATIONSHIPS WITH SHAREHOLDERS

Tongaat Hulett values the constructive interfaces arising from its responsibility towards its shareholder base. The business is committed to engaging with the investment community and its shareholders on the performance and prospects of the company in an open and transparent manner, ensuring that relevant information is readily available. In doing so, the company's objective remains that the investment community knowing that Tongaat Hulett takes congisance of their input on key topics and that the business's strategy going forward is, in general, well understood. The company is proud of being acknowledged by the Investment Analyst Society (IAS) as the leader in corporate reporting in the Consumer Products sectorfor the 12th consecutive year.

TONGAAT HULETT'S INTERACTIONS WITH GOVERNMENTS AND SOCIETY

The environment within which the company operates is increasingly impacted by multiple developmental challenges. Tongaat Hulett's philosophy as a partner of government and society is for the company to contribute towards improving the prospects of a better life for many by making a substantial, positive impact on various socio-economic challenges, including job creation and security, transformation, attracting fixed investments, urban spatial integration, food security, youth development, infrastructure establishment and inclusive rural development. This strategic view has been described as "Value creation for all stakeholders through an all-inclusive approach to growth and development".

The business has long-standing, constructive relationships with rural communities and governments. The following are some examples of recent achievements:

- In Mozambique, where deep rural communities have limited access to healthcare and other basic facilities, Tongaat Hulett has played a significant role in improving the quality and extent of healthcare that is available to the communities that surround its Xinavane and Mafambisse operations. From the perspective of economic development of these rural economies, the number of small-scale indigenous farmers has grown from 249 in the 2007/08 season to 3 269 in 2017/18. During this time, sugarcane received from these farmers has grown from 45 528 tons to 404 625 tons.
- In Zimbabwe, Tongaat Hulett plays a significant role in the provision of primary healthcare. In the 2017/18 year, some 240 763 people received primary healthcare support through the two hospitals that the operations manage in the eastern Lowveld. The business continues to work with the government and local communities on the orderly development of sustainable indigenous private farmers in the south-eastern Lowveld. The extent of sugarcane supplied by indigenous farmers has grown from 532 000 tons in the 2011/12 season to just over 1,075 million tons in 2017/18. During this time, the cumulative number of jobs created by these farmers has increased from 4 750 to 8 000 people, and this has substantially contributed to the economic development of the region.
- In South Africa, transformation, housing, job creation and rural economic development continue to be some of the primary developmental challenges. Tongaat Hulett is actively involved in numerous traditional authority areas in rural KwaZulu-Natal through various agricultural and SED initiatives. A prime example of the activities that the company is involved in, is its recently concluded partnership with The Jobs Fund which created 3 019 new jobs in less than four years, against an initial commitment to create 2 874 jobs through the life of the project. The project assisted in the creation of 27 cooperatives, with more than 3 000 members, and encompassed areas overseen by 15 different traditional councils and some 10 972 hectares of rain fed sugarcane were planted since commencement on 1 August 2014.
- The starch operation is the third largest purchaser of maize in South Africa. It is therefore well positioned to influence and play a leading role in the transformation of the maize industry, as well as increasing the supply of maize in Southern Africa.
- The land conversion and property development activities, by its very nature, provides an ideal environment to create new jobs, develop skills, facilitate enterprise and supplier development and transformation over the full real estate value chain. This applies to both construction activity (construction jobs) during infrastructure delivery and building construction as well as to operational activities (permanent jobs) which commence once buildings are completed and occupied. In addition to the employment impacts, the development activities facilitate significant new investment into the region which then leverages ongoing economic multipliers. The Total Real Estate Investment Value is an indication of the collective market value of land and buildings on occupation within each of the Demand Drivers and is estimated in current-day terms. From a municipal perspective, development activities lead directly to substantial incremental rates and user charges that significantly boost the municipal fiscus. The transactions concluded in this reporting period will lead to R9,2 billion in new investment; R100 million annual municipal rates; 55 000 construction jobs and 3 200 permanent jobs as the developments take place.

2007 BEE TRANSACTION IN SOUTH AFRICA

As part of the company's Broad-Based Black Economic Empowerment deal in 2007, the Ayavuna and Sangena consortiums, rural communities via the Masithuthukisane and Mphakhathi trusts and company employees via the ESOP and MSOP Trusts, obtained voting and shareholder rights in Tongaat Hulett (see page 114 for further information).

TONGAAT HULETT SUBSCRIBES TO THE PRINCIPLE OF "ZERO HARM" EMBEDDED IN AN INTERDEPENDENT CULTURE AMONG STAKEHOLDERS

Tongaat Hulett is making progress towards creating an interdependent culture to achieve "ZERO HARM" to people and the environment. The company is maintaining focus on improving the safety and health for employees, contractors and all people visiting business operations whilst at the same time extending the safety campaign to include communities surrounding company operations. Over the past years, the company's safety performance improved substantially, leveraging on established safety, health and environmental management systems and various safety improvement initiatives. In the past three years, Tongaat Hulett introduced structured high-fatality risk control interventions and periodic executive stand back safety reviews that are being monitored regularly at Board level. This top executive driven intervention has led to the sustained safety improvements realised thus far.

The company's safety performance in terms of serious injuries that result in loss of time improved in 2017/18 compared to the previous year. A Lost Time Injury Frequency Rate (LTIFR) of 0,083 per 200 000 hours worked was achieved in 2017/18, reflecting an improvement from the 0,093 achieved in 2016/17. One of the highlights of the year was that Tongaat Hulett Sugar's Botswana operation and Tongaat Hulett Starch's Bellville operation completed 7,5 years and 2,75 years, respectively, without recording a Lost Time Injury.

The safety initiative targeted at managing high-fatality risks is being pursued and reviewed periodically at both senior executive and Board levels. Key elements of this risk based safety approach involve the following:

- Common fatality risk topics - key topics of motorised equipment, moving machinery, unsafe behaviour and contractor management are common across all operations and are being taken through repeated internal risk assessment processes aimed at replacing less effective risk controls with engineering solutions and/or hard barriers to minimise an overreliance on human behaviour control. Subsequent to internal processes, the same topics are subjected to third-party risk assessment reviews done by independent subject matter experts to test the robustness and effectiveness of risk controls.
- Country/operational specific topics, e.g. work at heights, hazardous chemicals and energy release are being taken through a similar process which is monitored and reviewed at business unit level.
- Top executives stand-back reviews of business operations experiencing business, operational, and/or geo-social challenges negatively impacting on the safety of employees, contractors or people from the community are continuing whenever a need is identified. In the past year, at least four stand-back reviews were done at Zimbabwe, Mozambique and South Africa sugar operations involving top executives from various business units.

Regrettably, a single work-related fatality was suffered in the year, at Tongaat Hulett Triangle in Zimbabwe. The deceased, Mr. Brighton Huku succumbed to injuries following an accidental release of steam during a planned plant shutdown. This single fatality recorded in the year represented a reduction in the number of work-related fatalities recorded in the past three years (2016/17: 3 and 2015/16: 5).

Considering that Tongaat Hulett employs more than 40 000 people during peak milling season at 27 locations in six countries in Southern Africa, health issues being experienced across the SADC region where the business operates are varied. Tongaat Hulett is achieving satisfactory progress in implementing the South Africa National Standards (SANS) 16001 on wellness management systems to ensure best practices are adopted and measured for compliance. The key health highlight for the company in the year was celebrated when Tongaat Hulett Hippo Valley Estates was selected by an esteemed external health panel as the Winner of the Business Action on Health Award for Workplace and Workforce Engagement.

SHE and food safety performances are benchmarked against global best practices to promote continuous improvement

and stakeholder satisfaction. Operations subscribe to various internationally recognised management systems and/or specifications that include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000. All operations retained certification to either NOSA 5 Star systems or OHSAS 18001 covering occupational health and safety. All 19 main operations, are now certified to the ISO 14001 environmental management system. All starch operations, the refinery, and pack stations for Xinavane, Triangle and Namibia operations retained certification to FSSC 22000 or ISO 22000 on food safety management systems.

SOCIAL SUSTAINABILITY

Tongaat Hulett's approach to social sustainability includes a holistic process in its management of key topics including SED and corporate social responsibility.

- Social sustainability and innovation are fundamental to the business as Tongaat Hulett seeks demonstrable and practical outcomes in terms of positive social transformation, environmental stewardship and community upliftment.
- The evolution of Tongaat Hulett, in continuing to be regarded as a responsible corporate citizen has also seen the business continue to embrace good corporate governance by adhering to legal and accepted business practices as embodied in King IV™. The company continues to uphold the principles of corporate social responsibility by demonstrating to society its commitment to philanthropic and empowerment initiatives within the communities in which it operates.
- Tongaat Hulett has a substantial land footprint in the countries in which it operates. It is within this context that the company subscribes to principles of sustainable development.

The business's participation in various sustainability reporting initiatives, including the CDP, the CDP Water Disclosure Project, the Nedbank Green Fund and its listing on the FTSE/JSE Responsible Investment Index for the fourteenth consecutive year are testimony to Tongaat Hulett's approach to sustainability and stakeholder value creation. Tongaat Hulett was honoured to be recognised as a global leader in sustainable water management, being awarded a position on the CDP Water A-list.

FINANCIAL REVIEW

FOR THE YEAR ENDED 31 MARCH 2018

Murray Munro
Chief Financial Officer

Rob Aitken
Finance Executive

FINANCIAL CAPITAL

REVENUE	OPERATING PROFIT	HEADLINE EARNINGS	OPERATING CASH FLOW (AFTER WORKING CAPITAL)	ANNUAL DIVIDEND
R16,982 BILLION	R1,958 BILLION	R617 MILLION	R2,275 BILLION	160 CENTS PER SHARE
- 5,2% (2017: R17,915 BILLION)	- 16,1% (2017: R2,333 BILLION)	- 37,2% (2017: R982 MILLION)	- 28,4% (2017: R3,176 BILLION)	(2017: 300 CENTS PER SHARE)

Tongaat Hulett's operating profit for the year ended 31 March 2018 totalled R1,958 billion (2017: R2,333 billion). The sugar operations were adversely affected by the dynamics of imports into the South African market, low international sugar prices and the impact of stronger local currencies on export realisations. Sugar production reflected a partial recovery from the drought conditions of the previous two seasons.

Operating profit from the starch and glucose operation improved in the second half of the year, benefitting from more competitive maize costs. Land conversion and development activities led to a number of sales in new markets and operating profit which was in line with the previous year.

The various sugar operations recorded operating profit of R837 million (2017: R1,271 billion). Total sugar production increased to 1,171 million tons (2017: 1,056 million tons). The price of raw sugar in the world market remained under pressure during the year.

The Zimbabwe sugar operations generated operating profit of R563 million (2017: R504 million). Local market sales continued to grow, assisted by the refinery optimisation project that increased the availability of refined sugar for the industrial market. The ethanol operation performed well with improved margins. Low dam levels during peak growing periods limited irrigation, which affected cane yields, resulting in reduced sugar production of 392 000 tons (2017: 454 000 tons). Higher standing cane valuations reflect the improvement in the sugarcane crop to be harvested, which benefitted from increased water availability, supported by the recently commissioned Tugwi-Mukosi dam (currently 78 percent full) and accelerated sugarcane root replanting, as limited replanting had occurred during the drought. The past year saw a major transition in the leadership of the government, creating more positive local and international sentiment.

The South African sugar operations, including downstream activities, recorded operating profit of R86 million (2017: R390 million). Improved rainfall in the coastal areas of KwaZulu-Natal saw production increase to 513 000 tons (2017: 353 000 tons). The recovery in production was negated by high volumes of imported sugar into the local market when, over several months, upward revisions to the import duty were not implemented timeously. This was followed by a period during which zero duty was erroneously applied. Imports into the South African market increased to 520 000 tons in the 12 months to December 2017, dropping the industry's sales into the local market to some 1,18 million tons compared to 1,64 million tons in the previous year. The impact was prolonged by the storage of large quantities of sugar that were imported during the period. The displaced locally-produced sugar was exported in the latter part of the year and was impacted by a low world price and a stronger Rand. The South African sugar industry has taken measures to regain its local market share by ensuring local prices are more responsive to international markets; by applying for an increase in the US dollar-based reference price used in the calculation of the duties, as published in the Government Gazette on 11 May 2018; and through increased involvement in the process to implement duty revisions timeously. Voermol, the animal feeds operation, performed well.

The Mozambique sugar operations recorded operating profit of R159 million (2017: R308 million). Sugar production increased to 218 000 tons (2017: 198 000 tons) and good progress was made with export sales into deficit regional markets. The strengthening of the Metical against the US dollar put pressure on local prices and it contributed, together with low international prices, to reduced export realisations. Lower revenue and inflation-driven increases in Metical-based costs reduced margins. The construction of the 90 000-ton sugar refinery at the Xinavane sugar mill is progressing well, with commissioning targeted for September 2018. The refined sugar production will replace imported white sugar, satisfy the country's growing industrial demand and realise a meaningful price premium in export markets.

The starch and glucose operation recorded operating profit of R572 million (2017: R510 million). Higher sales volumes arose from the initiative to replace customers' imported volumes with local production, new business development and growth in export markets. Margins benefitted from lower maize prices, that traded closer to export parity levels after the record crop of 16,8 million tons and were negatively impacted by a stronger Rand. Improved plant capacity utilisation and an ongoing focus on operational efficiencies contributed further to improved profitability.

Land conversion and development activities delivered operating profit of R661 million (2017: R641 million) from the sale of 96 developable hectares (2017: 75 developable hectares). Interest in the newly opened prime location at Tinley Manor on the coastline north of Ballito realised a sale of 28 hectares, while 35 hectares were sold in uMhlanga Hills and Marshall Dam in Cornubia for integrated well-located affordable neighbourhoods. Further sales were concluded for a retirement offering, a new tertiary education campus, offices, urban amenities and high-intensity mixed-use precincts. Profit per developable hectare is influenced by the degree of enhancement through urban planning, land use integration and the density, location and intensity of infrastructure investment, and was in line with anticipated ranges communicated previously. Further investments were made during the year into planning and infrastructure that underpins future sales, mainly in areas where sales negotiations are underway or enquiries are being received.

Tongaat Hulett's operating cash flow (after working capital) was R2,275 billion (2017: R3,176 billion). Improved operating cash flows generated by the starch and glucose operation provided some mitigation for the cash impact of lower profits from the sugar operations. In the land conversion and development activities, cash outflows exceeded cash inflows by R68 million (2017: R900 million net inflow). Capital expenditure totalled R2,168 billion (2017: R1,209 billion) with the commencement of the refinery project in Mozambique and the considerable investment in sugarcane root replanting after the drought. Finance costs of R878 million (2017: R810 million) were commensurate with the borrowings levels. Overall, the year reflected a net cash outflow after dividends of R1,324 billion (2017: R544 million inflow). Tongaat Hulett's net debt at 31 March 2018 was R6,463 billion, compared to R4,780 billion at 31 March 2017. Tongaat Hulett has access to unutilised, committed facilities of R2,87 billion and continues to meet the covenants associated with its long-term unsecured South African debt facilities. Short-term borrowing facilities are mainly subject to 365-day notice and unlikely to become due in the next year.

Taking the above into account, headline earnings for the year decreased by 37 percent to R617 million (2017: R982 million).

A final dividend of 60 cents per share (2017: 200 cents per share) has been declared bringing the annual dividend to 160 cents per share (2017: 300 cents per share).

Tongaat Hulett is a proactive and resilient organisation working in collaboration with all its stakeholders in a focused, constructive, mutual value-adding and developmental manner. It is well-positioned to benefit, and be a key development partner, as agriculture and agri-processing in Sub-Saharan Africa develops from a low base. It has operations in six countries in Southern Africa, significant sugarcane and maize processing facilities, a unique land conversion platform, a growing animal feeds position, opportunities to further grow ethanol production and electricity generation, and possibilities in cassava processing.

Overall, Tongaat Hulett's earnings for the 2018/19 year will be impacted by a wide-range of dynamics. The organisation is focused on driving improved performance within its areas of influence and using its experience to navigate influences outside its control. Earnings and cash flows are expected to exceed those of the 2017/18 year.

ACKNOWLEDGEMENTS AND CONCLUSION

I am privileged to have led an organisation that together with multiple stakeholders has played and continues to play a significant role in the development of the region. Tongaat Hulett's excellent bench strength at top leadership level has often been endorsed by many stakeholders and bodes well for the CEO succession that is imminent.

Tongaat Hulett's profile as an agri-processing business provides the company with a substantial opportunity to play a leading role in the development of the rural communities that surround its operations. Through its land conversion and development activities, the business has made a valuable contribution to the growth and advancement in the region that surrounds its land footprint. Tongaat Hulett values the relationships that it has established and remains committed to working together with small-scale and commercial private farmers, rural communities and governments to grow its contribution to job creation, rural development and an inclusive economy, thereby creating sustainable value for its stakeholders.

Through its employee base of some 40 300 people during its peak milling period, the company continues to benefit from the commitment, loyalty and drive towards the achievement of the business's strategic objectives. The ongoing development of talent and emerging leaders, remains a priority that will contribute to the future success of the organisation that is currently based on 27 sites in Botswana, Namibia, Mozambique, South Africa, Swaziland, and Zimbabwe.

Tongaat Hulett values the constructive interfaces arising from its responsibility towards its shareholder base. The company is committed to regularly updating the investment community as it progresses the delivery of its strategic and business objectives. The support and inputs that Tongaat Hulett has received from its shareholders are greatly appreciated.

Tongaat Hulett is fortunate to have a competent Board that provides ethical leadership. The guidance and strategic direction that Tongaat Hulett receives from the Board and the Chairman are highly valued.

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

SUSTAINABILITY ELEMENTS

HUMAN RESOURCES

HUMAN CAPITAL

31 355 PEOPLE EMPLOYED COMPARED TO 30 512 IN 2017

18 803 EMPLOYEES ATTENDED TRAINING PROGRAMMES

850 278 HOURS OF TRAINING RECEIVED BY EMPLOYEES

KEY ELEMENTS

Supplement existing strategic leadership bench strength

Accelerate employee transformation

R57,1 million spent on training and development

KEY PRIORITIES GOING FORWARD

Current and future leadership development

Transformation

Artisan and technical skill upliftment

Accelerating change in the world is fundamentally transforming society, the broader economy and business. Within the business context, new technologies, new market entrants, new customer expectations and new business models are emerging. Tongaat Hulett operates in this interconnected VUCA (volatile, uncertain, complex and ambiguous) world and at a time where, in each of the countries in which it operates, existing societal systems are being robustly challenged. Leadership in the business and human resources understand the impact of socio-economic and political change and are embracing and developing new ways of thinking about the company, its talent, and their role in global social issues. In dealing with this dynamic the capabilities and thinking to drive Tongaat Hulett's culture, organisational design, people and leadership practices, agility and dynamism is being challenged and developed, so that organisational behaviour can follow.

Tongaat Hulett offers a compelling employee value proposition, appropriate to a business context that continues to evolve dynamically, to attract, engage, develop and retain top performing talent. It achieves this by competitively remunerating employees against appropriate benchmark norms, creating a challenging work environment for high performance and using its size and complexity for career development that is cross operational and cross functional.

EMPLOYEE BASE

Tongaat Hulett employed a total of 31 355 employees at the end of March 2018, compared to 30 512 in 2017. During the peak sugar milling season the total number of permanent and seasonal employees was 40 382 (2016/17: 38 221). The breakdown of Tongaat Hulett's employee base as at 31 March 2018 is shown below.

Roles in Tongaat Hulett are constantly under review by business unit leaders supported by Human Resources as opportunities present. This involves revisiting key job outputs and organisational structures to determine future focus areas, the relevance of roles and where appropriate their design and skill requirements. This process impacts the employee base and the concomitant people costs, recruitment for employment equity decisions, talent retention, bench strength and succession planning processes.

Operating country	Full-time (permanent)	Fixed-term contractors	Seasonal and casual workers (non-permanent)	Total	Employee total at the peak of the sugar milling season - 2017/18*
South Africa	3 185	855	1 074	5 114	5 909
Mozambique	7 240	1 285	2 775	11 300	15 476
Zimbabwe	9 900	3 993	0	13 893	17 506
Swaziland	436	29	208	673	1 116
Botswana	138	13	0	151	151
Namibia	223	1	0	224	224
Total	**21 122**	**6 176**	**4 057**	**31 355**	**40 382**

*October 2017

PEOPLE DEVELOPMENT

LEARNING AND DEVELOPMENT PHILOSOPHY

The wide range of roles that exists across Tongaat Hulett's operations requires a focused approach to development interventions. Unique, specialised industry related skills, competencies and experience are critical to the success of the operations and are not readily available in the labour market. Underpinning this reality is the importance placed on ongoing performance management processes, which vary based on employees' job grades, roles and responsibilities. The setting of individual employee KPI's include ongoing learning and development opportunities required to achieve these KPIs. This informs employee development plans and budgets.

CAPABILITY BUILDING MODEL

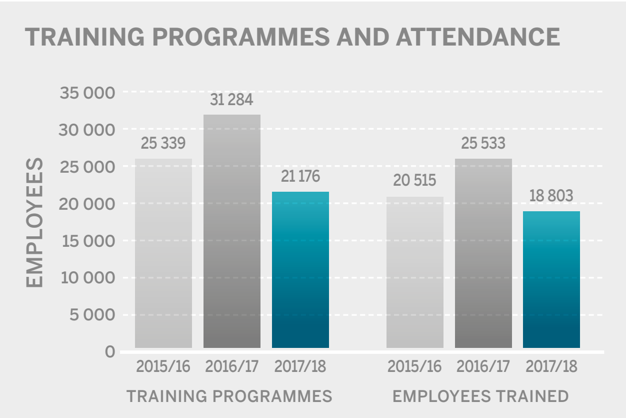
The following capability model succinctly describes the nature, purpose and scope of Tongaat Hulett's learning and development interventions.

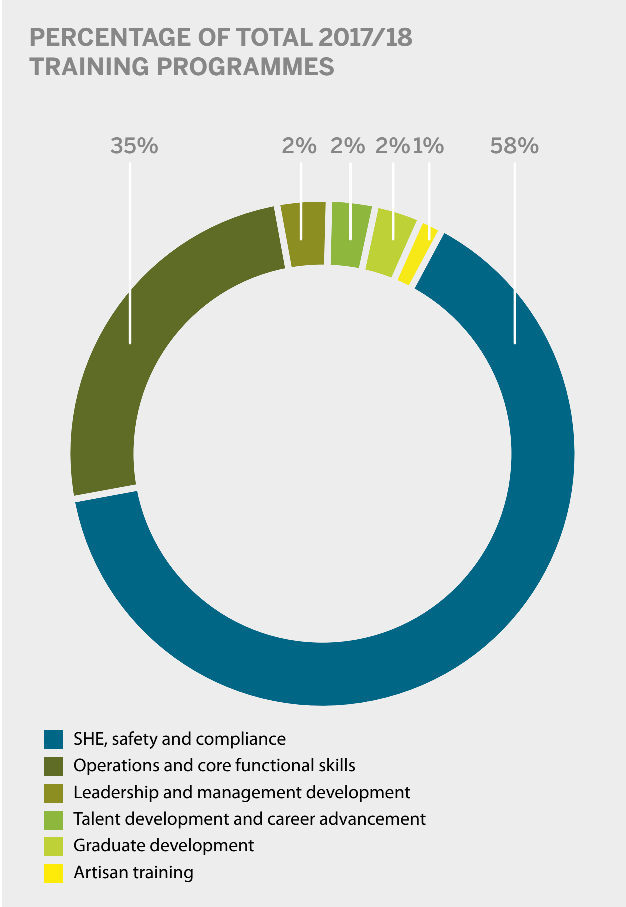
PROGRAMME	PURPOSE	IMPLEMENTATION	INITIATIVE
LEADERSHIP DEVELOPMENT	Aimed at developing an adequate pool of competent and engaged leaders to meet the organisation's present and future needs	Leadership and management development programmes • 363 people trained • 2% of total 2017/18 programmes Talent development and career advancement • 481 people trained • 2% of total 2017/18 programmes	• Executive development • Senior management development • Management development • Supervisory development
FUNCTIONAL TRAINING	Designed specifically for Tongaat Hulett functions and operations, such as milling, production and engineering	Operations/core functional skills training • 7 444 people trained • 35% of total 2017/18 programmes	• Production training • Discipline-specific technical training • Project management
WORK INTEGRATED LEARNING PROGRAMMES	Structured programmes designed to expose individuals to institution-based learning and work exposure. This could be permanent employees or unemployed youth	Graduate development programmes, entry-level skills training • 445 people trained • 2% of total 2017/18 programme Artisan Training • 199 people trained • 1% of total 2017/18 programmes	• Engineer in training (EIT) programme • Apprenticeships • In-service training • Life skills • Graduate programmes/ placements • Work experience
SUSTAINABILITY INITIATIVES	Training programmes designed to develop personal effectiveness, life skills and skills essential to the organisation	Safety and compliance training and certification • 12 244 people trained • 58% of total 2017/18 programmes	• SHE training • Wellness programmes • Legal compliance training • Diversity inclusion programmes

TRAINING NEEDS ANALYSIS/ASSESSMENT

Functional competency acquisition framework/career ladders/foundational learning and competency/material development/blended learning

Some of the metrics used to measure the extent of the learning and development interventions across the company are shown in the diagrams below.





CASE STUDY
EXPANDING TECHNICAL SKILLS

Tongaat Hulett is committed to growing its employee culture of continuous learning and development. An example of this commitment is the Supervisory Development Programme which was run by its starch operation.

To read more go to www.tongaat.com/skills

CURRENT AND FUTURE LEADERSHIP

Tongaat Hulett is driving an intensive cycle of building leadership bench strength, succession planning and talent management. Specifically, recent emphasis has been to:

- Encourage its leadership pool to further develop their skills, particularly focused on upskilling for the changing dynamics both today and into the future.
- Robustly assess selected executive leadership team members together with a review of the talent within operations' executive teams.
- Accelerate the developmental progression of talented individuals that are outside the "current leadership pool" or are more junior in the pool.
- Retain, as far as possible, talented key pre-retirement senior executives.
- Supplement the leadership bench strength with external appointments in such a way that positively impacts on the above, with these new individuals making a successful transition into Tongaat Hulett.

In line with these top-level processes, targeted external talent recruitment of high-calibre executive talent is currently underway in South Africa and Zimbabwe. Reorganisation initiatives have also taken place internally within the sugar operations of Mozambique and at the land conversion and development operation to strengthen the executive leadership bench strength. Additionally, a robust assessment of selected executive leadership team members has taken place, together with a review of the talent within operations' executive teams.

The company continued to support the customised, action learning and block release Tongaat Hulett Business Leadership Development Programme (SMDP and MDP) in conjunction with the Stellenbosch University Business School. The faculty for this programme is drawn from academics, a cross-section of industry experts and Tongaat Hulett executive leadership participating as guest speakers, executive champions and mentors. The programme places a high level of importance on company business improvement projects.

FUNCTIONAL TRAINING

The business's core and critical operational skills development has continued with a significant emphasis on skills gap assessments and targeted interventions to uplift artisan skills across both the sugar and starch operations.

WORK INTEGRATED TRAINING

Experientially based learning programmes provide an extensive skills pipeline for the business to develop and grow its core competencies in engineering, production, agriculture and finance. In the year under review, certain graduate development programmes have targeted unemployed youth in strategic partnership with various training institutions as part of Tongaat Hulett's broader social and community response, affording these learners much-needed work place experience to improve their employability. For example, in South Africa, the sugar operations partnered with both the Owen Sitole College of Agriculture and the Umfolozi Technical and Vocational Education and Training (TVET) College on KwaZulu-Natal's north coast to provide workplace experiential learning to agricultural and engineering students for six to twelve month periods. In addition, working with the training faculties, the company has assisted in ensuring that training programmes are better aligned to actual workplace needs, bridging the gap between education and the workplace.

In support of the graduate training and development programme, the company's assisted study scheme provides bursaries to financially constrained and high potential youth, who attain a qualification within a specific study discipline. Once the learners have completed their studies, the programme provides workplace experiential learning, including a mentorship element.

CASE STUDY
ADELAIDE CHIKUNGURU

Tongaat Hulett is committed to maintaining and growing its current pool of highly skilled engaged leaders to address the company's existing and future leadership needs. This commitment to growing leadership talent is clearly demonstrated in the support that the business continues to provide to Adelaide Chikunguru, who is based at the company's Zimbabwean operations.

To read more go to www.tongaat.com/adelaide

ACCELERATING EMPLOYEE TRANSFORMATION AND LOCALISATION

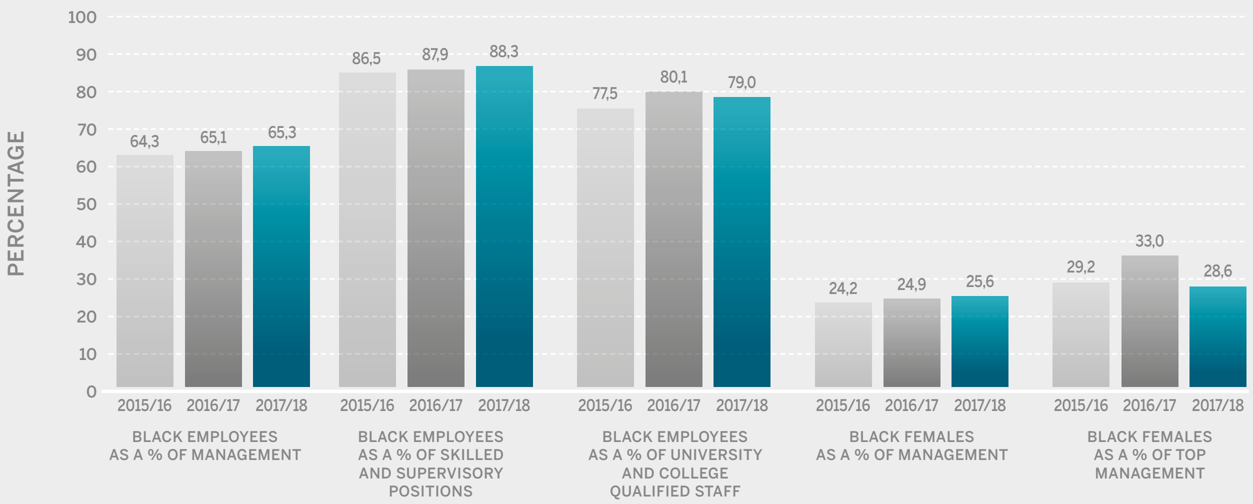
In each of the countries in which the business operates the transformation of the workforce continues to be prioritised through the improvement of management representation of previously disadvantaged individuals, localisation of skills and the general upliftment of women. In South Africa, steady progress has been achieved in increasing the representation of African skilled employees, management and leadership, together with improving the representation of persons with disabilities. In South Africa during the year under review, some 13 top and senior management level employees joined Tongaat Hulett, of which some 62 percent were either black females or black males. The progress in representation of designated groups in South African operations is shown diagrammatically below:

During 2017/18, a total amount of R45,7 million was spent on training and development in South Africa, of which R40,7 million was spent on employees from disadvantaged groups. In Mozambique the localisation of skills and the upliftment of women remains a key focus area. As a consequence, the expatriate community which forms a small core (0,7 percent) of the Mozambican workforce has reduced by 26 percent from 110 to 81 employees. In Zimbabwe, the emphasis on gender diversity has been supported by the preferential appointment of women in most available mid to senior level positions.

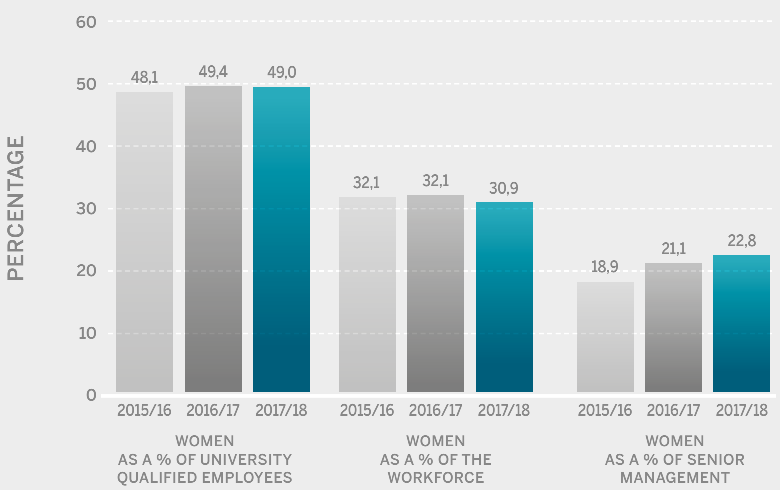
PERSONS WITH DISABILITIES

While some work environments across Tongaat Hulett's operations are less accessible to persons with disabilities, whenever possible, persons with disabilities are considered in employment decision making. Tongaat Hulett employed a total of 71 persons with disabilities, across all operations, as at the end of March 2018. In South Africa, the total was 57, increased from 50 in 2017.

PROGRESS IN REPRESENTATION OF DESIGNATED GROUPS IN SOUTH AFRICAN OPERATIONS



WOMAN TRANSFORMATION IN SOUTH AFRICA



HR MANAGEMENT INFORMATION SYSTEMS

The multi-phased rollout of the SAP ERP system across Tongaat Hulett was successfully completed with the Human Capital Management (HCM) module going live at the outstanding operations in Botswana, Mozambique and Namibia. The reviewing and streamlining of current HCM and payroll business practices and roles in the new SAP ERP system environment has been ongoing in pursuit of operational efficiencies and building a "one company" philosophy.

HUMAN RIGHTS

As a signatory of the Universal Declaration of Human Rights and a member of the UN Global Compact, the company commits to respect internationally recognised human rights standards. This includes a commitment to avoid causing or contributing towards adverse human rights impacts through company activities, and seeking to prevent or mitigate adverse human rights impacts that are directly linked to Tongaat Hulett operations, products or services by business relationships. Examples of Human Rights infringements that Tongaat Hulett aims to prevent includes child labour, forced and compulsory labour, unsafe and unhealthy working environments and constraints to employee's freedom of association, both within the company and in its supply chain.

During the past year the company undertook a review of its human rights practices throughout the organisation. Instances where human rights could potentially be impeded were identified, for example in the supply chain area. It was determined that while the company had generally good human rights practices, certain policies and procedures could be improved for more effective monitoring and management. Tongaat Hulett is in the process of actioning these changes, with the following already implemented:

- The amendment of the Code of Business Conduct and Ethics, to include a human rights provision.
- Drafting and dissemination of the guidelines for human rights in the supply chain policy.
- Introduction of a supplier human rights review process as part of tenders and on-boarding of new suppliers.
- Better alignment of Safety, Health and Environment (SHE) practices and their role in maintaining human rights in the lives of our employees and communities through updates to Tongaat Hulett's SHE policy guideline.
- A review of human resources policies across certain operations to ensure compliance with human rights guidelines. This resulted in the amendment of certain policies and initial planning of processes for measuring and monitoring key indicators linked to human rights.

This process will continue, with human resources policy reviews still required for some operations, which should include the implementation of measuring and monitoring processes. In addition, the supply chain function is investigating mechanisms to begin auditing existing suppliers of various sizes to ensure human rights compliance. SHE teams will also be taking steps to educate farmers supplying sugarcane to Tongaat Hulett sugar mills on human rights, including key topics such as child labour.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Freedom of association and collective bargaining is a basic human right that the business seeks to build and maintain with its employees and their union representatives. Tongaat Hulett bargains collectively with the unions, listed below, in the six countries in which it operates, with collective bargaining agreements covering a total of 22 504 employees (2016/17: 26 084) in manufacturing and agricultural operations.

Country	Recognised Unions
South Africa	African Meat Industry and Allied Trade Union (AMITU) Food and Allied Workers Union (FAWU) South African Equity Workers Union (SAEWA) The Association of Mineworkers and Construction Union (AMCU) United Association of South Africa (UASA)
Zimbabwe	Sugar Milling and Allied Workers Union of Zimbabwe (SMAWUZ) Sugar Production and Milling Workers' Union of Zimbabwe (SPMWUZ) Zimbabwe Hotel and Catering Workers Union (ZHCWU) Zimbabwe Sugar Milling Industry Workers' Union (ZISMIWU)
Mozambique	Sindicato Nacional dos Trabalhadores da Industria Do Açucar e Afins (SINTIA)
Swaziland	Swaziland Agricultural Manufacturing and Allied Staff Association (SAMASA) Swaziland Agriculture and Plant Workers Union (SAPWU)
Botswana	Cashiers Shop Assistant and Allied Workers Union (CASAWU)
Namibia	Namibian Food and Allied Workers Union (NAFAU)

During the past year the Department of Labour in South Africa cancelled the registration of the National Sugar and Refining and Allied Industries Employees Union (NASARIEU) and the Association of Mineworkers and Construction Union (AMCU) emerged in the sugar milling industry.

Following strike action at the Zimbabwean operations in 2016 and an ongoing wage arbitration process, interventions to restore and strengthen the employer-employee relationship and the working environment have been instituted.

Tongaat Hulett Starch settled a wage dispute after a 22-day strike following a protracted period of industrial peace, maintaining production at reduced levels and retaining key, blue chip, global customers. The strike, initiated by FAWU members falling within the Bargaining Unit, was triggered by an impasse in wage negotiations. The industrial action was resolved, in cooperation with FAWU national leadership structures, and a mutually agreeable settlement was reached. A total of 296 employees participated in the strike, being 44 percent of the starch operation's employee compliment, costing the company R8,84 million.

At the Mafambisse operations, 388 cane cutters, about three percent of the Mozambique operation's employee compliment, embarked on a two-day strike. This was triggered by insufficient understanding of the new staggered rest day and payment system, which was implemented at the beginning of 2017. This had been communicated as part of the induction process at the beginning of the season. The impasse was resolved through additional communication sessions between management and these employees where the new system was further explained and clarified. This strike cost the company some R2,38 million.

DISCIPLINARY AND GRIEVANCE PROCEDURES

Tongaat Hulett's structured disciplinary and grievance procedures fairly and transparently regulate misconduct, incapacity and conflicts in the workplace in a manner that maintains the dignity and basic human rights of the employees, aided by the involvement of local shop stewards and union representatives. These processes are well documented and aligned with both international best practice and local legislation. As part of the disciplinary procedure, employees are timely notified, have the right to representation and are afforded the opportunity to call and cross-examine witnesses. The grievance procedure, in response to legitimate complaints by employees, seeks to fairly resolve grievances as close to their point of origin as possible, and within a reasonable timeframe.

ANTI-BRIBERY AND CORRUPTION

As articulated in the Code of Business Conduct and Ethics, Tongaat Hulett is committed to a policy of fair dealing, honesty and integrity in the conduct of its business. All employees are signatories of this Code and non-compliance may result in disciplinary action, including dismissal. The Deloitte Tip-Offs Anonymous service provides employees, in all operating countries, the opportunity to report any unethical behaviour by management, employees, contractors or other third parties.

SUSTAINABILITY ELEMENTS

STAKEHOLDER RELATIONSHIPS

SOCIAL AND RELATIONSHIP CAPITAL

R217,6 MILLION INVESTED IN SED INITIATIVES

R103,6 MILLION INVESTED IN HEALTHCARE RELATED ACTIVITIES

R20,8 MILLION INVESTED IN EDUCATION

KEY ELEMENTS

R217,6 million spent on SED Initiatives (2016/17: R186,3 million)

2017 Investment Analyst Society Awards Winner: Consumer Products Sector

KEY PRIORITIES GOING FORWARD

Zero fatalities and improved safety performance

Implementing the SANS 16001 on wellness management systems

Tongaat Hulett recognises the important contribution that stakeholders make to the ongoing success of the organisation. The company has long-standing relationships with multiple stakeholders and aims to achieve outcomes that represent a "win all" for every key stakeholder involved in various engagements. The process to increase Tongaat Hulett's understanding of its stakeholders is ongoing and includes identifying important 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 details are outlined on the following page.

	Nature of engagement	Priorities for stakeholders	Outcomes
Shareholders, investors, banks and analysts	• 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 and key executives	• Clear communication of the company's strategy and prospects going forward • Return on investment and growth in value • Appropriate capital allocation between equity and debt	• 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 • Generate positive cash flows to be applied to dividends and repayments of debt
Government authorities and regulators in the region	• Partnerships on joint projects • Forums discussing existing and emerging initiatives • Ad hoc meetings • Compliance monitoring	• 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	• 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, contributing to the increase in small and medium-scale indigenous farmers in both sugarcane and maize, and land conversion activities
Private farmers	• Groups are organised per logistical areas of operation	• Maximum return in terms of revenue received for sugarcane and maize • Support from the company towards the long-term sustainability of private sugarcane farmers	• 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	• 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 SED, provision of basic needs and services • Regular interaction at local level through the ED initiatives implemented in partnership with community	• Access to sustainable jobs and economic opportunities • Affordable education, training and access to healthcare and basic amenities • The conservation of the community's way of life, culture and environment • Provision of access to opportunities through ED initiatives	• 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 • Working with community to identify opportunities for ED that facilitates development of relevant and sustainable businesses in rural communities
Employees	• 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	• 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	• 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	• Regular interaction on procurement processes, responsible sourcing standards and supply chain management • Regular interactions with customers on various matters	• 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	• 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, while taking cognisance of emerging market developments e.g. retirement sector • 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

Societal dynamics can play an increasingly significant role in organisations, particularly those multinationals that are based in Africa. Tongaat Hulett understands this reality and has over many years articulated its commitment to working with its key stakeholders with the following objective in mind: "Value creation for all stakeholders through an all-inclusive approach to growth and development". Tongaat Hulett's SED programme, which incorporates application of the SDGs, is one of the strategies to strengthen and build improved relationships with government and society, specifically those stakeholders that are most impacted by the company's activities. The principles which it embraces in its approach to SED 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 2018. For the period, Tongaat Hulett invested R217,6 million in its SED initiatives (2016/17: R186,3 million), including the cost of company-sponsored occupational and primary healthcare services. Operations in Zimbabwe, Mozambique and Swaziland accounted for 92 percent of the total amount invested in SED initiatives. Key elements of SED spend for the period were as follows:

HEALTHCARE

- With most operations in rural areas, a significant amount is invested in running healthcare facilities for employees and local communities.
- R103,6 million was invested in health-related activities.

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

- R20,8 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. During the period schools managed by the company in Zimbabwe had 14 787 pupils enrolled.

CASE STUDY
TONGAAT HULETT PARTNERS WITH GUDO COMMUNITY IN ZIMBABWE

Maintaining and consistently improving stakeholder relationships remains an integral part of Tongaat Hulett's business model through its SED activities. According to SDG 3, ensuring healthy lives and promoting the well-being for all, at all ages, is essential to sustainable development. Tongaat Hulett understands the importance of this approach and is actively involved in healthcare related SED activities in the communities that surround its sugarcane growing operations. An example of this commitment is demonstrated through the company's Zimbabwean operations who have partnered with the local authorities and community in Gudo, 97 km from Chiredzi, to construct the Gudo Clinic, that will benefit an estimated 10 000 families.

To read more go to www.tongaat.com/gudo

CASE STUDY
MOZAMBIQUE WATER SUPPLY

Tongaat Hulett's Mozambique operations at Xinavane and Mafambisse are located fairly close to the cities of Beira and Maputo respectively. Given the large rural communities that surround these operations there remains multiple opportunities to significantly contribute to the ongoing development of both the people and the areas. The initiatives that Tongaat Hulett continues to undertake in these operations are in accordance with the SDG 6 which states that, "Access to safe water and sanitation and sound management of freshwater ecosystems are essential to human health and to environmental sustainability and economic prosperity."

To read more go to www.tongaat.com/water

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 SDGs. However, today's food systems will not be able to feed the world's growing population both nutritiously and sustainably. Most smallholder farmers in Sub-Saharan Africa are challenged by 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. Tongaat Hulett 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 governments, businesses, policymakers, civil society and farmers (commercial and smallholder) jointly develop solutions to improve food security.

LAND REFORM AND WATER STORAGE CAPACITY

- Beneficiaries to be selected based on farming experience and provided with proper and adequate support, including partnerships with organised agriculture.

GREATER INVESTMENT IN AGRICULTURE

- Increase expenditure aimed at improving agricultural infrastructure, research and development, and education and training for smallholder farmers.

MAKE AGRICULTURE AN ATTRACTIVE CAREER OPTION FOR YOUNG PEOPLE

- Develop 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 opportunities to engage in all areas of the value chain.

CASE STUDY
JOBS FUND PARTNERSHIP ENDS ON A HIGH

Tongaat Hulett believes in partnering with stakeholders to address the socio-economic challenges in the areas in which the company operates. The recently completed Jobs Fund partnership assisted in addressing these challenges and meeting several of the SDGs in northern KwaZulu-Natal, which has high rural unemployment and poverty rates.

To read more go to www.tongaat.com/jobsfund

CASE STUDY
FOOD SECURITY THROUGH LAND CARE

Tongaat Hulett's commitment to creating value for all stakeholders through an all-inclusive approach to growth and development is being demonstrated through an innovative project that applies numerous SDGs. The pilot project demonstrates climate smart urban farming's potential to address the multiple challenges facing urban development in eThekwini Municipality, including pollution, unemployment and poverty.

To read more go to www.tongaat.com/foodsecurity

PROMOTING SUSTAINABLE AGRICULTURE

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. Tongaat Hulett believes that better farming practices will halt, and in some instances, reverse the negative process of soil degradation. Fertile soil is the foundation of sustainable agriculture, but poor farming practices and extreme weather lead to soil erosion and infertility.

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. Sustainable farming solutions include not tilling the land, crop rotations, bringing vegetation back to degraded land and planting vegetation around fields to prevent erosion.

CASE STUDY
MOZAMBIQUE SMALL-SCALE GROWER TRAINING

Tongaat Hulett has set itself the objective of contributing towards the creation of successful, sustainable small-scale sugarcane farmers. With sugarcane farming not being a traditional farming activity in Mozambique, local farmers generally lack the required knowledge and expertise. Due to the reality that most local famers were previously subsistence farmers, they also require additional training in farming as a business. These skill shortages can influence productivity, viability and the sustainability of the small-scale grower associations that have been created. To address these requirements Tongaat Hulett has developed a farmer training and skills development programme to meet the training and development needs of these emerging farmers.

To read more go to www.tongaat.com/ssgtraining

SUPPLY CHAIN

In line with the philosophy of "Sustainable value creation for all stakeholders through an all-inclusive approach to growth and development", Tongaat Hulett continues to work closely with the various governments and other stakeholders in countries where the business operates. Supply chain has proven to be a great conduit in addressing the socio-economic dynamics in each of these countries, in efforts to improve the quality of lives and promote economic development.

In South Africa, Tongaat Hulett Limited is aligned with the national B-BBEE agenda and has contributed towards changing the socio-economic landscape over the years. This is evidenced by the attainment of a Level 3 B-BBEE status in the latest verification of June 2017, which was a notable improvement from the previous performance of Level 4 B-BBEE status - with the business once again achieving full points for SED and ED. Both the revised Property sector and Agricultural (AgriBEE) sector codes have been gazetted. Therefore, the land conversion and agricultural operations, will be verified against these codes in the upcoming BEE audit process, which commenced in May 2018. While these revised sector codes are more onerous, highly stringent and are being conducted against a backdrop of more difficult economic conditions globally, the business has been hard at work to ensure B-BBEE performance is improved, or at least maintained.

The Enterprise and Supplier Development (ESD) element consists of Preferential Procurement, ED and Supplier Development. This aims to strengthen and increase local procurement, particularly from Black Owned (BO) and Black Women Owned (BWO) entities, to help broaden South Africa's industrial base. The Tongaat Hulett ESD strategy, is designed to diversify the supplier base with a special focus on localisation. A key objective is also to actively support Qualifying Small Enterprises (QSEs) and Exempt Micro Enterprises (EMEs) through transformative procurement programmes, as well as through monetary and non-monetary/in-kind contributions. This is being done by creating opportunities for QSEs, EMEs, 51 percent BO (or above), 30 percent BWO (or above) and Youth Owned businesses. In support of the Preferential Procurement (PP) sub-element, the business has made significant strides in increasing spend with small, medium and micro enterprises (SMMEs) as well as local suppliers and introducing a number of BO and BWO into the Tongaat Hulett supply chain.

SAFETY, HEALTH AND ENVIRONMENT

Over the years, Tongaat Hulett has achieved good progress along the ZERO HARM journey and has strengthened stakeholder partnerships in this campaign. Without compromising on the effectiveness of existing occupational SHE initiatives targeted at protecting people in the workplace and preventing harm to the neighbouring environment, the company recently adopted an additional strategic thrust of taking SHE campaigns outside the boundaries, beyond its operations into the surrounding communities. The objective of these initiatives relates to ensuring the safety and health of all people as well as looking after the extended environment within Tongaat Hulett's stakeholder community.

The company's leadership are committed to sharing and protecting SHE values as demonstrated by adherence to SHE principles, deployment of necessary resources and provision of guidance to stakeholders in an effort to realise the ZERO HARM goal. Satisfactory progress is currently reflected by Tongaat Hulett's safety and health performance which still compares favourably with leading benchmarked companies across the world, particularly in terms of LTIFR, primary and public health care.

SAFETY

Regrettably, a single work-related fatality was suffered during the year 2017/18. There was a reduction in the number of fatalities recorded during the year when compared to the three suffered in 2016/17 and the five in 2015/16. However, given that Tongaat Hulett's ZERO HARM campaign is targeted at completely eliminating fatalities as a top priority, one fatality is one too many. It is therefore deeply concerning to have had a fatality experience in the year.

Fatality risk control protocols are established and being monitored at the highest level as part of the organisation's key safety focus areas.

The company's safety performance in terms of serious injuries that result in loss of time improved in 2017/18 when compared to the previous year. A LTIFR of 0,083 per 200 000 hours worked, was achieved in 2017/18 reflecting an improvement from 0,093 achieved in 2016/17. The 39 lost time injuries represented a reduction by 2 when compared to 41 recorded in the previous year. This reduction is satisfactory when considering that employee hours worked in 2017/18, of 94 290 022 hours, was 7 percent higher than 87 951 776 hours worked in the prior period representing a higher risk exposure to employees in the current year.

Total Recordable Cases Frequency Rate (TRCFR) and Total Injury Frequency Rate (TFIR) were at 1,37 (2016/17: 1,46) and 2,61 (2016/17: 3,41) respectively. This performance reflects an improvement in total injury performance including minor injuries that required mild medical treatment without experiencing loss of time. The reporting of minor first aid cases however, declined slightly.

FOOD SAFETY

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 food stuff, 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 balanced diet.

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 manufactures which is aligned with ISO 22000 and includes Good Manufacturing Practices), ISO 22000 and ISO 9001, in terms of quality and food safety standards.

CASE STUDY
HIPPO VALLEY ESTATES WINS BUSINESS ACTION ON HEALTH AWARD

Tongaat Hulett recognises the impact HIV/AIDS, TB, malaria and non-communicable diseases (NCDs) have on its business, its employees and the surrounding community. The company's wellness and disease management programme at its Hippo Valley operation in Zimbabwe was recently recognised by being named overall winner of the GBCHealth Business Action on Health Awards in the Workforce and Workplace Engagement category. This multifaceted programme addresses a range of elements of SDG 3, "Ensure healthy lives and promote well-being for all ages", including addressing maternal mortality, childhood mortality, HIV/AIDS, TB, malaria and premature mortality caused by NCDs. In addition, it also addresses sexual and reproductive health and the achievement of universal health coverage which includes access to quality healthcare services and safe, effective essential medicines and vaccines.

To read more go to www.tongaat.com/award

HEALTH

Tongaat Hulett has 40 382 employees (peak milling season) working at 27 locations in 6 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 maintain a healthy workforce. An example of the activities undertaken by the business in ensuring the health and well-being of its staff is detailed above.

For the year under review, elements of key health focus areas within Tongaat Hulett operating areas entailed:

- 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

HIV/AIDS continues to be the leading common health issue significantly affecting the Tongaat Hulett stakeholder community. The UN AIDS 90-90-90 target calls on the global community to reach the following goals:

- 90 percent of people living with HIV should be diagnosed by 2020;
- 90 percent of diagnosed people should be on antiretroviral therapy (ART) by 2020; and
- 90 percent of people on treatment should have fully suppressed viral load by 2020.

It is widely agreed that if all these targets can be met, AIDS related deaths can be dramatically reduced and new infections are expected to decline. Tongaat Hulett has committed to internalise and drive the above targets as far as reasonably possible. All operations now offer HIV counselling and testing services either

internally or through service providers. Statistics for 2017/18 show that out of 21 174 employees registered in the company's health database, at least 16 895 (79,8 percent) now know their status. From the 4 343 HIV positive employees, 3 946 (91 percent) are on ART. The challenge has been to determine the last "90 percent" of the above target i.e. majority percentage of HIV positive employees on ART who have full viral suppression. This challenge is presented by the fact that the company has data for employees on its internal treatment programme only. In South Africa, some employees are accessing ART from private and state facilities and hence their results are not known to the company. Key statistics of the HIV/AIDS management programme for the 2017/18 fiscal year are:

- Employees currently receiving company-provided ART: 3 720 (2016/17: 3 919)
- Voluntary counselling and testing (VCT) uptake: 75,0 percent (2016/17: 88,8 percent)
- Employees knowing their status: 79,8 percent (2016/17: 91,8 percent)
- Number of new employees confirmed HIV positive on testing: 460 (2016/17: 642)
- Number of employees currently HIV positive: 4 343 (2016/17: 4 752)
- HIV prevalence: 21,0 percent (2016/17: 22,7 percent)
- Cost of ART: R1,6 million (2016/17: R1,9 million)
- Seasonal employees/contractors VCT uptake: 7 798 (2016/17: 7 930)
- Seasonal employees/contractors on ART: 1 150 (2016/17: 1 144)

In 2017/18, some operations went through a periodic transition of changing third party independent partners who take the responsibility of facilitating and managing annual wellness day/ HIV testing campaigns. The timing of the transition process resulted in some key performance indicators for 2017/18 declining when compared to the previous year. This transition has now been completed and the negative impact emanating thereof will be addressed in 2018/19. Nevertheless, the management programme for HIV/AIDS is showing a positive effect with:

- The majority of people knowing their HIV status.
- A relatively lower number of new infections.
- More employees being on ART
- A reduction of treatment defaulters being realised.

Notwithstanding the comprehensive programme to manage HIV/AIDS implemented by Tongaat Hulett to date, HIV/AIDS will continue to be a significant threat for the foreseeable future which calls for current campaigns to be maintained.

WELLNESS MANAGEMENT

Health is now recognised as being more than the absence of disease. Tongaat Hulett recognises that wellness issues such as mental health, stress and NCDs are contributing to the burden of disease among people. The SANS 16001 management system is a wellness and disease management system for managing non-occupational ailments that include NCDs. Tongaat Hulett began the roll-out of SANS 16001 implementation as part of its strategic response to dealing with wellness issues affecting employees

at its three pilot operations (Hippo Valley Estates in Zimbabwe, Voermol Feeds and Maidstone Sugar Mill in KwaZulu-Natal, South Africa). The systems certification pilot project was successfully completed in 2017/18 with all three operations achieving certification. Tongaat Hulett therefore takes a lead as one of the first agro-based companies in Southern Africa to implement the SANS 16001:2013 wellness and disease management system. Experience gained at the three pilot sites is now being applied to align other operations with the standard targeting certification at a later date.

MALARIA

Regrettably, a single death from malaria was reported in 2017/18. Investigations concluded that the deceased employee contracted malaria while he was away from company premises and returned to the company hospital with advanced malaria that sadly claimed his life. The number of cases of malaria recorded for the year at 3 207 represented a 72 percent increase from the 1 869 recorded cases in 2016/17. The significant increase was attributed to high rainfall experienced in the region which increased pockets of stagnant water and therefore mosquito breeding sites. Current malaria control programmes are being revisited with a view to strengthen them where opportunities exist and to explore the possibility of enhancing public-private partnerships in the same programme.

Malaria is endemic in many of the areas where Tongaat Hulett operates and poses one of the biggest public health problems in those areas. The high temperatures which make for ideal sugarcane growing also make it an ideal breeding environment for the malaria vector, mosquitoes. The 2017/18 year saw the wider part of Southern Africa experiencing an outbreak situation with an almost 400 percent increase in malaria cases being recorded at Tongaat Hulett Zimbabwe operations only. This followed the heavy rains Zimbabwe experienced in early 2018.

Integrated malaria control programmes that include vector control, awareness, personal protection, diagnosis and treatment continue. However, the effectiveness and adequacy of these control programmes are being investigated.

OCCUPATIONAL HEALTH RISK MANAGEMENT

The main occupational health risk for Tongaat Hulett is that of noise induced hearing loss as this adversely affects the livelihood of employees 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 2017/18, there was no occupational health related fatality (2016/17: 0) nor were there any occupational health cases with irreversible health effects (2016/17: 0). A total of 7 occupational health cases with reversible health effects (2016/17:12) were registered in the year representing an improvement from the previous years' reported cases.

SUSTAINABILITY ELEMENTS

INTELLECTUAL PROPERTY

INTELLECTUAL CAPITAL

14 REGISTERED PATENTS

369 REGISTERED TRADEMARKS

51 REGISTERED DOMAINS

KEY ELEMENTS

Market-leading brands

Patents

Intellectual property

KEY PRIORITIES GOING FORWARD

Retention of third party certification

Growing market share responsibly through innovation and the development of high-quality products

Tongaat Hulett's intellectual property is protected through employment contracts and confidentiality agreements and/or license agreements with external parties. These agreements establish ownership of and rights to trademarks, copyright, trade secrets, innovations and inventions resulting from any dealings with the company. In the sugar operation, a portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys. Protection of patentable ideas is achieved by immediately obtaining provisional patents, with targeted national and international patenting.

Tongaat Hulett holds 14 patents registered in Australia, Brazil, China, Colombia, Indonesia, India, Mauritius, Mexico, South Africa and the USA. It is a proprietor of 369 registered trademarks in Australia, Botswana, Lesotho, Namibia, New Zealand, Philippines, South Africa, South Korea, Swaziland, Taiwan and the United Arab Emirates. The company has 51 domain names registered to it.

THIRD-PARTY CERTIFICATIONS

SHE and food safety performances are benchmarked against global best practices to promote continuous improvement and stakeholder satisfaction. Operations subscribe to various internationally-recognised management systems and/or specifications that include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000.

All operations retained certification to either NOSA 5 Star systems or OHSAS 18001 covering occupational health and safety. All 19 main operations are now certified to the ISO 14001 environmental management system. All starch operations, the refinery, and pack stations for Xinavane, Triangle and Namibia operations retained certification for FSSC 22000 or ISO 22000 on food safety management systems.

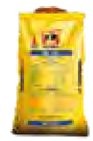
PRODUCT RESPONSIBILITY

Tongaat Hulett complies with the relevant safety, health, environmental and quality legislation in each of the countries in which it operates, while striving to implement industry best practice. The production facilities have been certified under the ISO 9001:2008 quality management system. In South Africa, the operations have adopted Hazard Analysis Critical Control Points (HACCP), where appropriate. Downstream products supplied to the pharmaceutical industry are required to meet the standards of the Food and Drugs Act.

Tongaat Hulett ensures that appropriate information is provided to its customers. All product labels contain information about the product in compliance with the respective country legislation and labelling regulations.

BRANDS

Several Tongaat Hulett brands hold prominent positions in their respective markets in different product categories and geographic locations. The company's objective is to grow its market share responsibly through innovation and the development of high-quality products. The following table provides a summary of the business's major food and animal feed brands:

	**Huletts®** White sugar Brown sugar	Market leader in South Africa Over 120 years in the market
	**Huletts Sunsweet®** White sugar Brown sugar	Market leader in Zimbabwe
	**Voermol Feeds®** Animal feeds	Market leader in the molasses and pith-based animal feeds industry in South Africa
	**Blue Crystal®** White sugar Brown sugar	Market leader in Botswana
	**Marathon®** White sugar Brown sugar	Market leader in Namibia
	**Amryal®** **Hydex®** **Vaalgold®**	Leading starch and glucose brands

ENVIRONMENT

ENVIRONMENTAL CAPITAL

7 PERCENT DECREASE IN SCOPE 1 EMISSIONS
174 228 METRIC TONS OF CARBON DIOXIDE SEQUESTERED IN 2017/18
425 136 MWH ELECTRICITY GENERATED BY TONGAAT HULETT SUGAR MILLS
FEATURED ON 2017 CDP WATER A-LIST

KEY ELEMENTS

Reduced total emissions by 4 percent

9th consecutive years of participating in CDP Carbon, 5 years in CDP Water

Improvement in Water Resources Management

KEY PRIORITIES GOING FORWARD

Improving soil health and promoting sustainable agriculture

Energy efficiency

Emissions reduction

Smart irrigation solutions

As a major user of land, biodiversity and water, Tongaat Hulett's agri-processing and land development operations are significantly impacted by natural systems and, in turn, impact the environment and local communities. As a responsible corporate citizen, Tongaat Hulett seeks to demonstrate its commitment to sound environmental stewardship, within a context of sustainable and ethical practice. Compliance with legal requirements is a minimum requirement, with operations striving to establish and comply with local and international best practices. In line with this approach, the company aims to retain certification to ISO 14001 Environmental Management System standard across all its operations.

With the increasing demand to grow more food, the responsibility lies with agriculture and agri-processing businesses to look after the soil in areas in which they operate. Since healthy soil forms the foundation of food production in successful agriculture, unproductive soil can be rehabilitated through the adoption and implementation of more environmentally friendly approaches. This is promoted by the three main interlinked principles of Conservation Agriculture: minimal soil disturbance, permanent soil mulch cover and crop diversification.

CLIMATE CHANGE

According to the United Nations Food and Agriculture Organisation, there is no doubt that climate change impacts food security. Overhauling farming and food systems will be complex due to the vast number of stakeholders involved, the multiplicity of farming and food processing systems and differences in ecosystems. The effects of climate change on agricultural production and livelihoods will vary across countries and regions. Tongaat Hulett recognises the need to adapt to the physical impacts of climate change, which may affect operations, particularly through the availability of water and the occurrence of extreme weather events. The company continues to engage with experts on several innovative initiatives, including programmes to improve irrigation efficiency and more drought-resistant crop varieties.

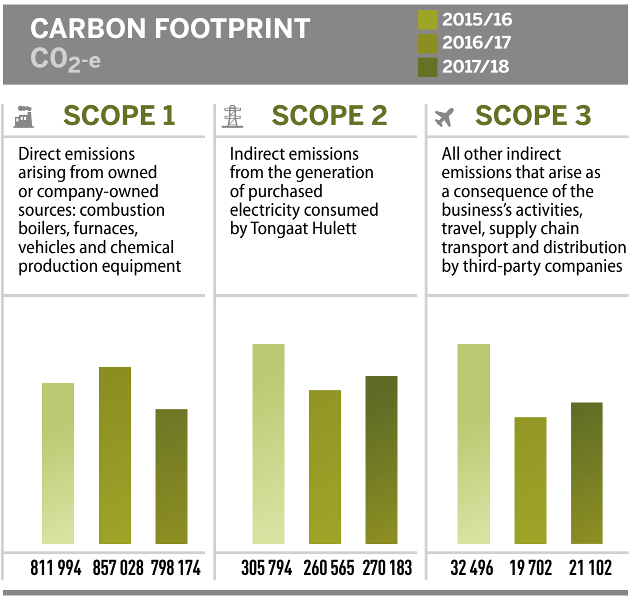
Sub-Saharan Africa will experience the largest increase in the number of poor people, partly because its population is more reliant on agriculture. Therefore, success in transforming food and agricultural systems will largely depend on supporting smallholders in adapting to climate change. Tongaat Hulett relies on agricultural products produced in varying agro-ecological and socio-economic conditions. Solutions are tailored to these conditions, but overall, significant improvements in food security, as well as resilience to climate change is achieved by introducing sustainable agricultural practices.

Tongaat Hulett's approach to dealing with the impacts of climate change includes increasing resource-use efficiency, reducing fossil fuel usage and avoiding direct environmental degradation, enhancing productivity sustainably and reducing dependence on external inputs. Improved crop production and fertiliser management offer the greatest potential to reduce nitrous oxide emissions, while also reducing input costs. Increasing stocks of soil organic carbon improve crop yields and build resilience to drought and flooding, but also sequester carbon. The company participates in public environment forums and, during the past year, this included Business Unity of South Africa (BUSA), the Industry Task Team on Climate Change (ITTCC), parliamentary discussions and the Department of Environmental Affairs (DEA) on Carbon Budget and Carbon Tax alignment.

CARBON MANAGEMENT

As part of its broader response to climate change, Tongaat Hulett participated in the CDP (formerly Carbon Disclosure Project) for the ninth consecutive year. The CDP is an independent initiative that encourages transparency on climate change-related issues, with an emphasis on emissions disclosure. The company's carbon footprint analysis was conducted per the Greenhouse Gas (GHG) Protocol, published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute and has reported Scope 1 and 2 GHG data in compliance with ISO14064:3. Terra Firma Solutions has provided limited assurance on Scope 1 and 2 GHG data in accordance with ISO14064:3. Details of the company's current actions are provided in the public response to the CDP, available at www.cdp.net. Tongaat Hulett tracks and monitors its GHG emissions, seeking through ongoing efforts to improve the accuracy and reporting of its carbon footprint.

During the year, business operations emitted 798 174 metric tons of CO_2 equivalent (CO_2-e) Scope 1 emissions (2016/17: 857 028). The company purchased electricity that emitted 270 183 metric tons of CO_2-e (2016/17: 260 565). The total Scope 3 emissions were 21 102 metric tons CO_2-e covering business travel, comprehensive supply chain transport and distribution by third-party companies (2016/17: 19 702). In the 2017/18 reporting period, employees booked 2 970 business trips, flying more than 4 137 823 million kilometres, resulting in 763 metric tons CO_2-e being emitted from business travel. The total Scope 1, Scope 2 and Scope 3 carbon emissions for the period under review was 1 089 459 metric tons CO_2-e and the turnover was R16,982 billion, which equates to 64 grams of CO_2 emitted per Rand generated. The GHG emissions have been verified by a third-party service provider.



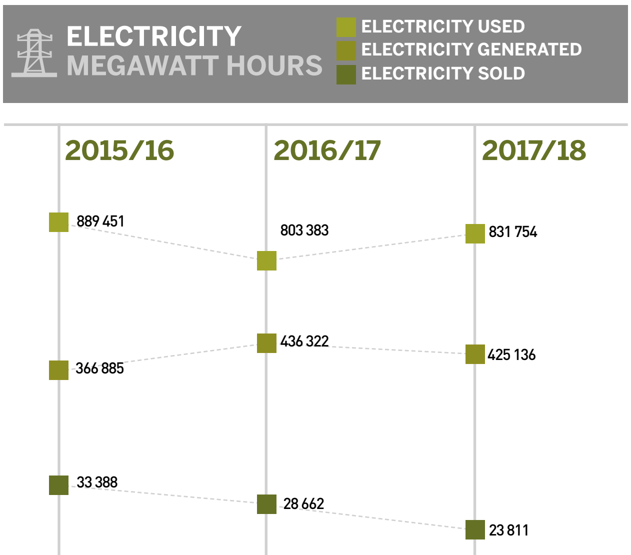
Overall, compared to 2017, Scope 1 emissions decreased by 58 854 tons CO_2-e (7 percent). Scope 2 emissions increased by 9 618 tons CO_2-e and compared to 2017 (4 percent), compared to 2017, Scope 3 emissions increased by 1 400 tons CO_2-e (7 percent).

Total emissions from South African operations, calculated at 673 714 metric tons CO_2-e, includes emissions of 344 983 metric tons CO_2-e emanating from the South African sugar operations. Tongaat Hulett completed a study with the assistance of global carbon experts, which found that the company's sugar farms sequester carbon at a rate of 12 tons per hectare per annum from sugarcane produced. Using this rate, Tongaat Hulett's 14 519 hectares (grown from company-owned and leased land) equates to 174 228 metric tons CO_2-e sequestered in this financial year. The South African sugar operations could benefit from the carbon capture and storage of CO_2 in the growing of sugarcane if the National Treasury allows for sequestered emissions to be deducted from the company's carbon footprint. Therefore, 499 486 metric tons would have been subject to carbon tax in this financial year.

ENERGY

Energy efficiency is one of the region's challenges compounded by the need for an affordable, sustainable energy supply. The most practical and immediate route to success is not the building of new power-generating plants, but the use of less energy from the national grid. The introduction of a suitable regulatory framework for the provision of privately-produced alternative electricity to the national grid in South Africa could potentially result in Tongaat Hulett expanding the business's ability to generate electricity from bagasse, a renewable resource produced as a co-product of the sugar production process. In the short to medium term, this would involve infrastructure development projects across the company's sugar mills to significantly increase electricity generation from bagasse.

For the year ended 31 March 2018, Tongaat Hulett used a total of 831 754 MWh (2016/17: 803 383 MWh) of electricity across all its operations and offices. It generated 425 136 MWh (2016/17: 436 322 MWh) from its sugar mills, predominantly from bagasse, and sold 23 811 MWh (2016/17: 28 662 MWh) to the national grid. Other sources of fuel that are used include coal, 275 206 tons (2016/17: 300 268 tons), diesel, 13,3 million litres (2016/17: 10,9 million litres), petrol, 0,906 million litres (2016/17: 0,857 million litres), gas, 463 247 GJ (2016/17: 472 349 GJ) and wood, 3 050 tons (2016/17: 23 199 tons).



AIR QUALITY

The deliberate strategy of burning bagasse ahead of coal as a fuel by sugar mills significantly improves the quality of emissions in terms of particulate matter, noxious gases, and carbon and sulphur oxide. Wet scrubbing technology continues to be used by most operations to remove fly-ash from the flue gas to ensure that emissions meet acceptable air quality standards. Tightening regulatory constraints and changing societal expectations in

relation to air emissions present challenges and opportunities for the business. While some emissions will always be inevitable because of the very nature of manufacturing operations, the company realises the need to improve performance. A high-level working group has been established to review emissions improvement options in preparation for further stringent emission standards which are expected to come into effect in 2020.

The primary use of coal as a fuel to fire boilers at the refinery in South Africa presents challenges in improving the quality of emissions. To address this, the company has developed an improved process technology solution which could be applied at that operation. In 2017, the company approved R90 million capital for the implementation of phase 1 of this technology solution. Implementation of phase 1 is due for completion by June 2018 and it is expected to deliver a significant reduction in emissions. This technology implementation is aligned with the refining operation's commitment towards reducing emissions and achieving its compliance objectives as agreed with the authorities.

BIODIVERSITY AND LAND MANAGEMENT

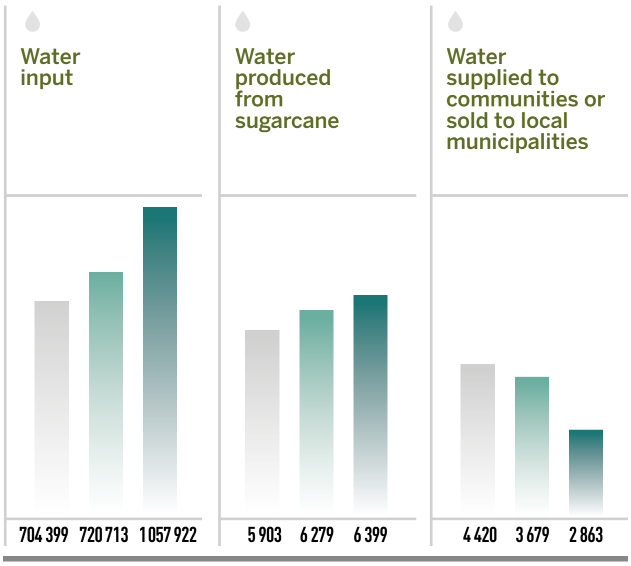
Soil health plays a critical role in maintaining biodiversity. Experts warn that 33 percent of world soil is already moderately to highly degraded due to erosion, nutrient depletion, acidification, urbanisation, and chemical pollution, putting future supplies of food, water and energy at risk. Tongaat Hulett continues to rehabilitate currently unproductive land to agriculture, while also securing additional sugarcane supply to its mills. A total of 7 612 developable hectares of land in KwaZulu-Natal has been identified for conversion, at the appropriate time, in support of growth and development of the region. This conversion is carefully managed and coordinated in line with broader government objectives and spatial policies. A major element of this conversion includes the rehabilitation of the affected ecological systems through a range of biodiversity improvement practices. The business works to avoid and minimise biodiversity loss and land disturbance, while improving its biodiversity management practices. This approach, which has been well established over many years, focuses on implementing the mitigation hierarchy of avoidance, minimisation, restoration, and offsets where appropriate.

WATER RESOURCE MANAGEMENT

As an agriculture and agri-processing business, water is a vital part of Tongaat Hulett's daily operations. Climate change, with its consequent impacts on water availability and water quality, continues to impact on several regions in which Tongaat Hulett and its suppliers operate. Water pollution has the potential to increase operational costs and compromise the quality of products. It is therefore in Tongaat Hulett's interest to ensure sustainable management of shared water resources in the regions where it operates and procures.

Water is an essential input in the business, all operations are affected by uncertainties and challenges associated with water consumption. According to the 2030 Water Resources Group projections, without improvements in the way water is managed and used, the world could face a 40 percent supply gap by 2030. To this end Tongaat Hulett is partnering with other stakeholders in the uMhlathuze Water Stewardship Programme. The uMhlathuze region of the Pongola-Umzimkhulu Catchment Management Area is facing significant water stress. This is impacting economic activity

WATER FOOTPRINT MEGALITRES



and livelihoods, particularly within the Richards Bay industrial complex and is also affecting agricultural and forestry activities in the middle and upper reaches of the catchment. In the context of the critical drought situation in South Africa, uMhlathuze is one of the most affected areas.

Input water sources include water abstracted from rivers, water available in sugarcane and water purchased from municipal sources. Most sugar mills operate in remote locations and therefore assist in the provision of potable water to local communities. For the reporting year ended 31 March 2018, the total water input was 1 057 922 megalitres (2016/17: 720 713) of which 6 399 megalitres (2016/17: 6 279) was produced from sugarcane and 2 863 megalitres (2015/16: 3 679) was supplied to communities or sold to local municipalities.

EFFLUENT MANAGEMENT

A philosophy of "target zero effluent" disposal is subscribed to across all operations. This entails a journey involving upgrading production processes and infrastructure and shifting operational culture, aiming to reduce effluent discharge as a priority before treating and reusing the minimal amount that must be discharged. The quality of effluent being discharged is subjected to ongoing internal and third-party monitoring processes to ensure it meets minimum specifications set by statutory authorities. Water that is produced as part of the sugar milling process is largely used for the irrigation of sugarcane on adjacent estates while effluent produced at the central sugar refinery is disposed of into the municipal sewer for treatment. The quantity and quality thereof is monitored to ensure compliance with the relevant specifications. The remaining mills are progressing with environmental management programmes to adopt best practices and ensure legal compliance as a minimum. The Maidstone mill, in South Africa, is currently developing a Request for Proposal for the building of an effluent treatment plant, to treat effluent to the standard required for discharge to watercourses.

WASTE MANAGEMENT

In line with the "ZERO HARM" principle, Tongaat Hulett manages waste from its operational processes with a "target zero hazardous waste" mindset. Efforts are directed towards reducing the amount of hazardous waste being generated. Waste management plans follow a hierarchy of control steps to reduce, re-use and recycle waste before earmarking for ultimate disposal. Operations based in South Africa, Mozambique, Botswana, Namibia and Swaziland make use of registered waste companies that collect non-valuable hazardous waste from operations and dispose of it at designated hazardous landfill sites. Zimbabwe-based operations have constructed hazardous disposal sites that are registered by the regulatory authority and are subject to annual statutory and third-party audits.

During the 2017/18 reporting period, 11 579 tons of general waste (2016/17: 10 211 tons), 5 616 tons of scrap metal (2016/17: 3 080 tons) and 539 tons of hazardous waste to landfill (2016/17: 413 tons) was generated and disposed of in accordance with applicable legislation.

CASE STUDY
NEED FOR COLLECTIVE ACTION

The uMhlathuze Water Stewardship Partnership (UWASP) convenes key government, private sector and civil society stakeholders to actively collaborate on water security solutions for the uMhlathuze catchment in KwaZulu-Natal. Two people are employed full time (by the NBI and WWF-SA respectively), with further support and funding provided by GIZ's International Water Stewardship Programme and additional funding provided by Mondi and Tongaat Hulett. To date, UWASP has undertaken extensive stakeholder engagement with private and public partners to ensure that all can actively participate in the overall partnership and in specific projects of interest. A detailed partnership work plan and governance structure has been approved and implementation of five priority projects commenced in December 2017. The five priority projects address downstream water use efficiency opportunities; agricultural water stewardship practices; ecological infrastructure requirements (alien invasive plant clearing and wetlands); the development of local community environmental champions for pollution control; and enhanced management of the region's coastal lakes and surface water dam.

To read more go to www.tongaat.com/uwasp

ENVIRONMENTAL INCIDENTS AND COMPLIANCE

There was no level 3 incident recorded with significant impact on the physical/biological environment with extensive or long-term impairment of ecosystem function or surface/ground water resource (2016/17: 0 Level 3 incident). There were no non-monetary sanctions for non-compliance with applicable environmental regulations registered in the year. Established community liaison forums between Tongaat Hulett and interested parties addressed environmentally-related complaints raised during the year.

A single level 2 incident, with moderate impact on the physical environment was recorded at one of the operations following a spillage of a chemical onto the ground (2016/17: 0 Level 2 Incidents). Immediate corrective action was taken to contain spillage and clean up the contaminated area. The incident was reported to local environmental health inspectorate.

A total of 300 level 1 environmental incidents were recorded in the year resulting in minor impact on the physical environment but with no significant impairment of ecosystem function, surface or ground water resource (2016/17: 425). The majority of these incidents were related to product or substance spillage/leakage mainly at sugar and starch operations.

A total of 104 level 1 stakeholder complaints were recorded in the year (2016/17: 142). The majority of these complaints were related to odour emissions being caused by disruptive production processes. In most cases, these complaints were immediately responded to and addressed while in other cases action is continuously being taken to address underlying issues.

INDEPENDENT THIRD-PARTY ASSURANCE

Environmental Resources Management (ERM) has provided independent third-party assurance over selected sustainability content of the 2018 Integrated Annual Report. The assurance was conducted in line with the AccountAbility AA1000 Assurance Standard (Revised, 2008) (Type 2 Moderate level). The engagement was conducted using the AA1000 AccountAbility Principles Standard (2008) criteria and those of the GRI Standards. For the detailed assurance statement refer to: **www.tongaat.com/2018/ermassurance.pdf**

DIRECTORATE


CB SIBISI Chairman


PH STAUDE CEO


SM BEESLEY


J JOHN


F JAKOET

NON-EXECUTIVE DIRECTOR

CB SIBISI CHAIRMAN

- Corporate/organisational and strategic leadership
- Socio-economic development and sustainability
- Development economics
- Agriculture and agri-processing

Chief Executive, Sangena Investments Pty Limited
MA (Econ Dev)
Bahle (54) is the non-executive Chairman of Tongaat Hulett. He is also currently the Chairman of SABS and Roadcrete Africa Pty Limited. He is a former Deputy Director General of the Department of Trade and Industry. He was appointed to the Tongaat Hulett Board in 2007.

EXECUTIVE DIRECTOR

PH STAUDE CHIEF EXECUTIVE OFFICER

- Corporate, multinational and strategic leadership
- Agriculture and agri-processing
- Land and property development
- Talent management and leadership development
- Socio-economic development

BSc (Ind Eng)(Hons)(Cum Laude), MBA (Pretoria)
Peter (64) lectured at the University of Pretoria before joining Tongaat Hulett in 1978. In 1990 he became Managing Director of Hulett Aluminium Rolled Products and in 1996 Managing Director of Hulett Aluminium. He was appointed to the Tongaat Hulett Board in 1997 and became Chief Executive Officer in May 2002. He was the Chairman of Hulett Aluminium from 2002 to July 2007. He is also the former Chairman of Trade & Investment KZN and now a non-executive director of Hulamin, and a member of the Advisory Board for Industrial and Systems Engineering, University of Pretoria, from 20 April 2017.

INDEPENDENT NON-EXECUTIVE DIRECTOR

SM BEESLEY

- Operational best practice
- Multinational organisational leadership
- Strategic insights
- Transformational leadership

Director of Companies
BA Law, MDP
Stephen (66) has extensive multinational business experience in many countries including Botswana, Namibia, Tanzania, Zambia, Mozambique and Zimbabwe. He had a long career at BP plc where he held several executive and leadership roles, including as former Managing Director of BP Africa Limited, CEO of BP Southern African Pty Limited and Managing Director of BP and Shell Marketing Services, Zimbabwe. He is currently a partner at SJS Energy, and actively consults on a range of energy issues to the energy sector. He was appointed to the Tongaat Hulett Board in June 2014.

INDEPENDENT NON-EXECUTIVE DIRECTOR

J JOHN

- Risk Management, assurance and corporate governance
- Financial and strategic leadership
- Financial governance
- Operational best practice

Chief Audit Executive, FirstRand Group
Hons BCompt, CTA, CA (SA), CIA, QIAL, CD (SA)
Senior Executive Program (Wits and Harvard)
Jenitha (46) has held various financial and audit related roles at, inter alia, Discovery Limited, Telkom SA Limited, Eskom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining the FirstRand Group. Jenitha has served on many Boards and Audit Committees of both public and private sector entities. She is currently a non-executive director at Nampak Limited and Adcock Ingram and also serves as the Chairman of the respective Audit Committees. She was appointed to the Tongaat Hulett Board in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTOR

F JAKOET

- Risk management and assurance
- Financial and strategic leadership
- Corporate governance and ethics management
- Financial governance

Director of Companies
BSc, CTA, CA (SA)
Fatima (57) has in-depth experience in various facets of large corporate business, from both a strategic and operational perspective, including industrial relations, transformation and employment equity issues. She has worked in various industries, and in positions ranging from finance to general management. She is a non-executive director of MMI Holdings Limited, Clicks Group Limited, Clicks Retailers Pty Limited, certain MTN subsidiaries, Rand Refinery Pty Limited and AfriSam Group Pty Limited. Fatima was appointed to the Tongaat Hulett Board in 2008.

INDEPENDENT NON-EXECUTIVE DIRECTOR

RP KUPARA (ZIMBABWEAN)

- Risk Management, assurance and corporate governance
- Financial governance
- Agriculture and agri-processing

Director of Companies
B.Acc (Hons), CA (Z), MBA
Rachel (59) previously worked in the financial services sector, specifically banking and insurance at various senior levels. She is also a former Finance Director and Chief Executive of Ariston Holdings, a Zimbabwe Stock Exchange listed company. She is currently a non-executive director of Nicoz Diamond Insurance Company, Dairibord Holdings Limited, Zimbabwe Insurance Brokers Limited and British American Tobacco-Zimbabwe. She was appointed to the Tongaat Hulett Board in 2009.

Directors'

- Strengths
- Capabilities
- Experience

These attributes are reflected under each director's name

RP KUPARA

N MJOLI-MNCUBE

SG PRETORIUS

TA SALOMÃO

TN MGODUSO

MH MUNRO

INDEPENDENT NON-EXECUTIVE DIRECTOR
N MJOLI-MNCUBE

- Entrepreneurship
- Strategic leadership
- Socio-economic development and sustainability
- Risk management, assurance and corporate governance

Director of Companies
BA, Masters in City and Regional Planning, Spurs Fellowship (Massachusetts Institute of Technology USA), Certificate in Engineering and Technology Management, Warwick University, UK
Nonhlanhla (59) is a business woman, and former Economic Advisor to the Presidency. She has worked as a City and regional planner in South Africa, a survey research supervisor at Washington State University, USA, an executive director at a subsidiary of Murray & Roberts, Chairman of several housing funds, managing owner, and founder of women entrepreneurial organisations. She has certificates in Leadership (Harvard and Wharton Universities, USA), and Technology Management (Warwick University, UK). She has more than 10 years' experience as a board member in JSE listed companies. She was appointed to the Tongaat Hulett Board in 2008.

INDEPENDENT NON-EXECUTIVE DIRECTOR
SG PRETORIUS

- Corporate/organisational and strategic leadership
- Human capital management
- Strategic marketing
- Transformational leadership.

Director of Companies
MCom (Business Economics)
Honorary Doctorate (Marketing)
Brand (70) currently serves as a non-executive Chairman of Metair Investments Limited, and Chairman of Italtile Limited and Ceramic Foundation, and is non-executive director on the boards of Reunert and Agrinet. He is also a member of the advisory boards of the READ Educational Trust, Partners for Possibility, InvoTech, and the Motor Industry Ombudsman of South Africa. Prior to this he had a long and distinguished career in the motor industry as Managing Director of Toyota South Africa Marketing and as CEO of McCarthy Limited. He retired as CEO of McCarthy and as an executive director of Bidvest on 1 March 2011. He was appointed to the Tongaat Hulett Board in 2011.

INDEPENDENT NON-EXECUTIVE DIRECTOR
TA SALOMÃO (MOZAMBICAN)

- Corporate, financial and strategic leadership
- Socio-economic development and sustainability
- Government relations and policy formulation
- Leadership development and talent management

Director of Companies
MA (Economics)
Tomaz (63) is the former Executive Secretary of the Southern African Development Community (SADC, 2005 - 2013). At Regional level, he presided over the SADC roadmap for the preparatory process of the SADC Free Trade Area, which was launched by the SADC Summit in August 2008. He also guided the broad-based consultative process for the SADC Regional Infrastructure Development Master Plan (RIDMP) culminating in its adoption by Summit in 2012. Prior to this, he made significant contributions in the development of his country in senior Government leadership including as Minister of Transport and Communications from 2000 to 2004; and as Minister of Finance and Planning (1994 to 1999). He also served as Governor for Mozambique at the African Development Bank, International Monetary Fund and the World Bank. He is currently a Visiting Research Fellow at the University of Witwatersrand School of Governance. He is also the non-executive Chairman of the Board of Standard Bank, Mozambique, and Cervejas de Mozambique, and is non-executive director of Metallon Corporation, UK. He was appointed to the Tongaat Hulett Board in 2015.

NON-EXECUTIVE DIRECTOR
TN MGODUSO

- Risk, assurance and corporate governance
- Human Capital Strategic talent management
- Transformational leadership

Director of Companies
MA (Clin Psych)
Thandeka (62) is a social entrepreneur and has worked both in the private and the public sectors within the economy of South Africa. She has an in-depth understanding of business strategy, governance as well as integrating all aspects of business for profitability and shareholder benefit. She has a full grasp of the global context of business, especially in today's fast-paced, ever changing context. She has attended numerous executive programs at universities and leadership institutions, both locally and internationally. She serves on a number of Boards, including as a non-executive director at the South African Airways (Chairman of the Remuneration Committee and Board member of South African Airways Technical), Assore Limited (member of SEC), Metair Investments (Chairman of the Remuneration committee), BIOSS SA, Nduleni Strategic Solutions (Chairman), and is a Commissioner on the Commission for the Remuneration of Public Office Bearers. She was recently appointed to the Zimplats Board as a non-executive director, and as Chairman of the Remuneration Committee. She was appointed to the Tongaat Hulett Board in 2010.

EXECUTIVE DIRECTOR
MH MUNRO CHIEF FINANCIAL OFFICER

- Financial and strategic leadership
- Business operations across Southern Africa
- Agriculture and agri-processing
- Land and property development

BCom, CA (SA)
Murray (52) commenced full-time employment by Tongaat Hulett in 1992, having been involved with the business since 1984. He has held a number of senior financial, commercial, market and general management positions in various operations. He assumed responsibility as the Financial Director and was appointed to the Tongaat Hulett Board in October 2003.

CORPORATE GOVERNANCE

APPROACH TO EFFECTIVE GOVERNANCE

The board of directors (the Board) continues with its ongoing commitment to the highest standards of ethical and effective governance, resulting in sustainable organisational performance that creates long-term value for all stakeholders. The Board has adopted and applies the principles of the King IV™ Report on Corporate Governance for South Africa ("King IV™"), and fully endorses and cultivates the characteristics of integrity, competence, responsibility, accountability, fairness and transparency, as outlined in Principle 1 of King IV™.

The Board embraces the King IV™ outcomes of an ethical culture, effective control, good performance and legitimacy. The Tongaat Hulett King IV™ application disclosure is available at www.tongaat.com and includes detail of how each of the sixteen (16) principles have been applied and embedded into business practice. The company's approach to corporate governance continues to reflect that governance is regarded by the Board as being more than a mere compliance exercise that measures basic compliance with King IV™, but rather confirms that best practice principles are effectively applied and embedded by the company in its daily activities, resulting in short and long-term value creation for all stakeholders. During the year, comprehensive work was done to update the Tongaat Hulett Corporate Governance Manual and Framework, to align the Board charter, committee terms of reference, codes of best practice and policies to King IV™.

This corporate governance report has been aligned to King IV™, the Companies Act 2008, the Listings Requirements of the JSE Limited (JSE), and other pertinent statutes and regulatory requirements guiding the Board's and company's conduct for the period under review. As the custodian and focal point of corporate governance as required in Principle 6 of King IV™, the Board presents this corporate governance report to all stakeholders.

BOARD OF DIRECTORS

BOARD COMPOSITION

Tongaat Hulett has a unitary Board structure, which at 31 March 2018 comprised nine non-executive and two executive directors, drawn from a broad spectrum of the business community. As per Principle 7 of King IV™, collectively, the directors possess a wide array of skills, knowledge, diversity and experience, and bring independent judgement to Board deliberations and decisions, with no one individual or group having unfettered powers of decision-making. The Board acknowledges that its demographic diversity (including race, gender, historically disadvantaged groups, age, regional diversity and nationality) promotes the consideration of various perspectives and thus enhances robust, balanced and effective discussions at the top tier of the organisation. The Board is sufficiently gender diverse, with five (5) out of eleven (11) directors on the Board being women, and has formally adopted a gender policy in accordance with the JSE Listings Requirements. The Board is also sufficiently race diverse, with seven (7) out of eleven (11) directors on the Board, being a majority of directors, representing previously disadvantaged groups. Given the importance that the Board places on gender and race diversity as evidenced in its current composition, the Tongaat Hulett Board is satisfied with how it applies the JSE Listings Requirements in this regard and is not contemplating any diversity targets at this stage. Furthermore, the Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. The roles of the Non-Executive Chairman, CB Sibisi, and the Chief Executive Officer, PH Staude, are separate with a clear division of responsibilities.

Board and committee composition

Board of Directors		Board Committees			
Name	**Year Appointed**	**Audit and Compliance**	**Remuneration**	**Nomination**	**Risk, SHE, Social and Ethics**
Non-Executive Directors					
CB Sibisi (Chairman)	2007		Member	Chairman	
SM Beesley*	2014	Member			Member
F Jakoet*	2008	Member			Member
J John (LID)**	2007	Chairman			
RP Kupara*	2009	Member			
TN Mgoduso	2010				Member
N Mjoli-Mncube*	2008		Member	Member	Chairman
SG Pretorius*	2011		Chairman	Member	
TA Salomão*	2015				
Executive Directors					
PH Staude (CEO)	1997				Member
MH Munro	2003				Member

* Independent non-executive directors
** Lead independent director

The Chairman is not considered fully independent by virtue of his involvement in the company's BEE equity participation structure. Ms. J John, who is an independent non-executive director is the Lead Independent Director in situations where the Chairman is not independent.

BOARD CHARTER AND DELEGATED AUTHORITIES

The Board has an approved charter and an annual work plan that outline matters identified and reserved for its consideration. The charter records the Board's objective to provide responsible business leadership with due regard to the interests of shareholders and other stakeholders, while reflecting a demonstrable concern for sustainability as a business opportunity that guides strategy formulation. It includes the Board's responsibility to:

- lead the company ethically and effectively;
- govern the ethics of the company in a way that supports the establishment of an ethical culture;
- ensure that the company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the company but also the impact that business operations have on the environment and society within which it operates;
- appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process;
- govern risk and information technology in a way that support the organisation in setting and achieving its strategic objectives;
- serve as the focal point and custodian of corporate governance in the company;
- comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively;
- ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with the balance of power and the effective discharge of its duties;
- ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness;
- ensure that the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities;
- govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being an ethical and a good corporate citizen;
- ensure that the organisation remunerates fairly, responsibly and transparently, to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term;
- ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports; and
- in the execution of its governance role and responsibilities, the Board ensures that it adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Board has mandated the following four committees, each with approved formal terms of reference, to support it in the execution of its governance responsibilities.

- Audit and Compliance
- Nomination
- Remuneration
- Risk, SHE, Social and Ethics

The Board has further delegated the authority to run the day-to-day affairs of the company to the Chief Executive Officer and other senior executives, as required by Principle 10 of King IV™. Levels of authority and materiality delegated to management are approved by the Board and clearly recorded in the Authorities Framework contained in the Corporate Governance Manual that is utilised by all operations within Tongaat Hulett. The Board is satisfied that it has discharged its responsibilities in accordance with its charter.

BOARD CHANGES AND ROTATION AT AGM

In accordance with the company's memorandum of incorporation (MOI), directors are required to retire either by rotation at intervals of three years, or at the close of business of the next annual general meeting (AGM) after a director attains the age of seventy (70) years. Directors retiring by rotation who avail themselves may be re-elected at the AGM at which they retire. New directors may only hold office until the next AGM, where they will be required to retire and offer themselves for election. Retiring at the next AGM (on 8 August 2018) by rotation are MH Munro, TA Salomão and CB Sibisi, who being eligible and available, will seek re-election as directors. The MOI states that a director who has reached the mandatory retirement age of seventy (70) is required to retire at the AGM and may be re-elected by shareholders for a specific term as determined by shareholders in a specific ordinary resolution. This applies to the Chairman of the Remuneration Committee, SG Pretorius, who turned seventy (70) in 2018, and whose services, experience, knowledge, skills and wisdom the company wishes to retain for a further period of up to two (2) years. The Nomination Committee has assessed each of the retiring directors and the Board unanimously recommends their re-election. There were no new appointments to the Board during the period under review. There are no term contracts of service between any of the directors and the company or any of its operations.

BOARD INDUCTION AND DEVELOPMENT

On appointment, new directors have the benefit of induction activities aimed at broadening their understanding of the company and the markets within which it operates. The Company Secretary ensures that directors receive accurate, timely and clear information. The Chief Executive Officer and key executives hold

Board and committee meeting attendance for the year ended 31 March 2018

Director	Board		Audit and Compliance		Remuneration		Nomination		Risk, SHE, Social and Ethics	
	A	B	A	B	A	B	A	B	A	B
CB Sibisi (Chairman)	5	5			2	2	1	1		
PH Staude (CEO)	5	5							2	2
SM Beesley	5	5	3	3					2	2
F Jakoet	5	5	3	3					2	2
J John	5	5	3	3						
RP Kupara	5	4	3	3						
TN Mgoduso	5	4							2	2
N Mjoli-Mncube	5	5			2	2	1	1	2	2
MH Munro	5	5							2	2
SG Pretorius	5	5			2	2	1	1		
TA Salomão	5	4								

A: Indicates the number of meetings held during the year while the director was a member of the Board and/or committee.
B: Indicates the number of meetings attended during the year while the director was a member of the Board and/or committee.

detailed discussions with new directors on business performance, strategic objectives and key themes. This, together with business reports of prior Board and committee meetings, discussions with heads of operations accompanied by site visits of the mills, agriculture and development sites, provides new directors with sufficient exposure to the company's operating dynamics. Directors are also encouraged to update their skills, knowledge and experience through participation in relevant programmes as deemed appropriate from time to time.

BOARD EVALUATION

The Board endorses the requirements of Principle 9 of King IV™ that requires the Board to ensure that the evaluation of its own performance and that of its committees, its chair and individual members should support continued improvement in its performance and effectiveness. The formal self-evaluation process of the Board and its committees, the assessment of the Chairman's performance by the Board and the assessment of the performance of individual directors by the Chairman, which are conducted at least every two (2) years, are an integral element of the Board's activities to review and improve its performance continually. This evaluation process also includes assessing the independence of non-executive directors as envisaged in King IV™. Of the nine non-executive directors, seven (7) are considered independent, while two (2) are not considered independent by virtue of their involvement in the company's black economic empowerment equity participation structure. In arriving at the conclusion of independence, the requirements of the Companies Act and King IV™ on independence are taken into account and consideration is given, among others, to whether the individual non-executive directors are sufficiently independent of the company so as to effectively carry out their responsibilities as directors, that they are independent in judgement and character, and that there are no instances of conflicts of interest in the form of contracts, relationships, share options, length of service or related party disclosures that could appear to affect independence. Four (4) of the directors, CB Sibisi, J John, F Jakoet and N Mjoli-Mncube have been with the company for a period longer than nine (9) years. In addition, CB Sibisi is not independent by virtue of his participation in the company's black economic empowerment equity participation structure. The directors have been assessed by the Board in accordance with the requirements of King IV™ and were confirmed to be independent.

The Board has decided to conduct the next formal, externally facilitated evaluation process for the performance of the Board, its committees, the Chairman and members as a whole in 2018/19 and an overview of the results and remedial action taken, if applicable, will be disclosed accordingly. The Board is satisfied that its evaluation processes improve its performance and effectiveness.

The Board meets at least five (5) times a year, with special or additional meetings convened as circumstances dictate. Comprehensive documentation is prepared and distributed in advance of each meeting, with an opportunity to propose additional matters for discussion at meetings. Independent professional advice is available to directors in appropriate circumstances at the company's expense.

EVALUATION OF COMPANY SECRETARY

All directors have access to relevant information and to the advice and services of the Company Secretary, MAC Mahlari, who holds BA and LLB qualifications, and has over ten (10) years' experience as a Company Secretary. She was appointed in December 2009. After assessing the Company Secretary as required by the JSE Listings Requirements, the Board concluded that Ms. Mahlari is suitably qualified, competent and meets the appropriate experience requirements to carry out the functions of Company Secretary of a public listed company. Ms. Mahlari is not a director of the company, nor does she enjoy any related or inter-related relationship with any of the directors or executives of the company that could give rise to a conflict of interest. The recommended best practices stipulated in King IV™, under Principle 10, on the arrangements for the provision of professional corporate governance services have been adequately provided to the Board.

BOARD COMMITTEE STRUCTURES AND RESPONSIBILITY

In compliance with Principle 8, the Board has ensured that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties. The Board has reserved certain matters for its exclusive mandate (as set out above) and has approved and delegated authority for specific matters to various committees, all of which have formal terms of reference. Through transparency, disclosure, review and regular reporting by the committees, the Board is able to receive assurance that, inter alia, key risk and opportunity areas, operational, financial and non-financial aspects relevant to the company's various businesses are monitored. The formal terms of reference and the delegated authority regarding each Board committee are set out in the Corporate Governance Manual, and are summarised below.

REMUNERATION COMMITTEE

The Remuneration Committee, which meets at least twice a year, is chaired by an independent non-executive director and comprises only non-executive directors. The current members are SG Pretorius (Chairman), CB Sibisi and N Mjoli-Mncube. PH Staude, as CEO, and relevant HR Executives, attend by invitation and MAC Mahlari is the secretary. The record of attendance is contained above.

The report of the Remuneration Committee, which outlines in detail the company's remuneration policy and implementation report as required by Principle 14 of King IV™ commences on page 76. The report also contains a summary of the responsibilities of the committee, as well as its key activities and focus areas for the period under review.

NOMINATION COMMITTEE

The Nomination Committee, which comprises only non-executive directors, meets as needed, and as required by the JSE Listings Requirements, is chaired by the Chairman of the Board. Its current members are CB Sibisi (Chairman), N Mjoli-Mncube and SG Pretorius. PH Staude, as CEO, attends by invitation and MAC Mahlari is the secretary. The committee's terms of reference are summarised as follows:

- Ensures that for Board appointments, a rigorous, fair and open nomination and appointment process is followed to provide a balance of appropriate skills, knowledge and experience in the boardroom and support strong corporate performance.
- Makes recommendations to the Board on the size, composition and demographics of the Board, particularly in relation to the balance between executive, non-executive and independent directors.
- Ensures that there is a diversity of experience, gender, race and backgrounds to create a cohesive, balanced and effective Board.
- Ensures that there is a diversity policy at Board level that covers gender and race diversity, among others, as required by the JSE Listings Requirements.
- Gives consideration to succession planning, and ensures that processes and plans are in place for orderly succession and for appointments to the Board and senior management.

During the period under review, one meeting was held where the Nomination Committee discussed the directors who would retire by rotation at the next AGM, and recommended the re-election of MH Munro, TA Salomão and CB Sibisi to the Board and AGM. The MOI states that a director who has reached the mandatory retirement age of seventy (70) is required to retire at the AGM and may be re-elected by shareholders for a specific term as determined by shareholders in a specific ordinary resolution. This applies to the Chairman of the Remuneration Committee, SG Pretorius, who turned seventy (70) in 2018, and whose services, experience, knowledge, skills and wisdom the company wishes to retain for a further period of up to two (2) years.

The committee also recommended the election of the Audit and Compliance Committee until the next AGM, comprising of J John, SM Beesley, F Jakoet and RP Kupara. The Nomination Committee considered this in detail and made the appropriate recommendation to the Board. In making the recommendations to the Board and ultimately the AGM, the Nomination Committee considered the current skills set of the Board as a collective, the relevant experience and expertise, the rotating directors, ensuring that the current skills set was sufficient to increase the Board's effectiveness. In addition to skills and experience, the Nomination Committee also considered other demographic aspects of the Board, including nationality, race and gender. There were no external advisers or invitees to this meeting. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

The committee also considered the JSE Listings Requirements in so far as they relate to race diversity. The committee considered and recommended for Board approval, a Diversity Policy at Board level that encompasses all forms of diversity, including in particular, race and gender diversity.

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee is constituted as a statutory committee in respect of its duties prescribed by the Companies Act, and as a committee of the Board in respect of all additional duties assigned to it by the Board. The members of the committee were elected by the shareholders at the last AGM and include three non-executive directors of the Board, all of whom are independent and possess the necessary skills, knowledge and expertise to direct the committee constructively in the execution of its responsibilities. The current members are J John (Chairman), SM Beesley, F Jakoet and RP Kupara. The CEO, PH Staude, the CFO, MH Munro, the Head of Internal Audit, DK Young and representatives of the internal and external auditors attend by invitation. The Company Secretary, MAC Mahlari, is the secretary for this committee. The committee meets at least three times (3) a year. The statutory report of the Audit and Compliance Committee is on page 100, and forms part of the annual financial statements.

The Audit and Compliance Committee's terms of reference were aligned with King IV™, approved by the Board, and include the following objectives and responsibilities:

- Assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and controls, the assessment of going concern status, ensuring that pertinent compliance and relevant risk management processes are in place, reviewing the work performed by the external auditors and the internal audit function, and to review interim financial information and annual financial statements which are provided to shareholders and other key stakeholders.
- The committee provides a forum through which the external and internal auditors report to the Board. It is responsible for the appointment and review of internal and independent external auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining documentation relating to the interim and annual financial statements.

- In addition, it reviews procedures and policies of internal control, including internal financial controls and internal audit reports. The adequacy and capability of Tongaat Hulett's external and internal audit functions are also subject to continuous review. The committee further considers the independence and objectivity of external auditors.
- Management is focused on continuous improvements to systems of internal control. An external quality assurance review of the internal audit function was performed in 2018, which concluded that the Tongaat Hulett internal audit function "generally conforms" to the standards recommended by the Institute of Internal Auditors, which is the highest rating in terms of the standards of the Institute of Internal Auditors. The status of "generally conforms" continues to be applicable for a period of five (5) years from the date of validation in terms of the standards of the Institute of Internal Auditors.
- The external and internal auditors have unrestricted access to members of the Audit and Compliance Committee and its Chairman at all times, ensuring that their independence is in no way impaired. Both the internal and external auditors have the opportunity of addressing the committee and its Chairman at each of the meetings without management being present. The Audit and Compliance Committee determines the purpose, authority and responsibility of the internal audit function in an Internal Audit Charter, which was recently updated in line with King IV™ and approved by the committee and the Board.
- The charter sets out the terms of reference of Tongaat Hulett's internal audit function, its reporting line to the Chairman of the committee, the working relationship with the Head of Internal Audit and the fact that the internal auditors have unrestricted company wide access to all functions, records, property and personnel. The committee also reviews the scope and coverage of the internal audit function. While the internal audit function has been outsourced to a professional firm of registered accountants and auditors, coordinated by the Head of Internal Audit, the company's independent external auditors do not assist in the performance of any internal audit assignments.
- The nature and extent of all non-audit services provided by the independent external auditors are approved and reviewed by the committee, to ensure compliance with the company's policy on non-audit services.
- The committee is also responsible for ensuring that the combined assurance model espoused in King IV™ is applied to provide a coordinated approach to all assurance activities. Tongaat Hulett has adopted a Combined Assurance Strategy and Plan that provides a framework for the various assurance providers to provide assurance to the Board, through the Audit and Compliance and Risk, SHE, Social and Ethics Committees, that all significant risks facing the company are adequately managed and that assurance activities are integrated and coordinated in the most efficient and proficient manner. The Combined Assurance Strategy and Plan is discussed further in the Risk Management Process section of the integrated annual report.
- In line with Principle 12 of King IV™, the Board assumes responsibility for the governance of technology and information by setting direction for how technology and information should be approached and addressed in the company, and has delegated to the Audit and Compliance Committee the function of ensuring that technology and information are governed in a way that supports the organisation setting and achieving its strategic objectives, by amongst others, ensuring that direction is set for how technology and information should be approached and addressed in the organisation; and that management is delegated the responsibility of implementing and executing effective technology and information management. The company has an IT policy and charter that encapsulates current company ERP and Unified Communications developments and practices in line with recent technology upgrades. During the period under review, focus was on the recent migration of the organisation onto an integrated common platform and common business processes, resulting in standardised business processes and reporting across the organisation; the creation of common data management standards to support key business objectives; standardised platform and systems architecture to reduce support costs, leverage scale and reduce system downtime, and risks; and increased process efficiencies. Future areas of focus include a project that is currently underway to align the organisational structure across Tongaat Hulett with the new systems and business process architecture.
- The committee's focus on regulatory compliance, in line with Principle 13 of King IV™, is ongoing in line with the regular updates to the regulatory environment. The framework of high priority laws and regulations applicable to Tongaat Hulett's operations has continued to be refined during the year with the aim of strengthening the culture of legal awareness and compliance. The Board approved an updated compliance policy in 2018, which confirms and firmly entrenches Tongaat Hulett's commitment to compliance, through the combined efforts of various role players, to implement controls and processes to manage regulatory compliance across all operations. During the period under review, key areas of focus included ongoing assessment and review of legal, regulatory and corporate governance requirements and risks, and the identification of appropriate processes and interventions to enhance compliance with applicable legislation. No material infractions or fines have come to management's attention during the period under review that indicates non-compliance with pertinent legislation and codes of good practice.
- In order to ensure optimal performance and delivery of its mandate, the committee conducted an assessment of its performance during the previous reporting period, considering such factors as its composition and authority, the execution of its roles and responsibilities, its working relationship with both internal and external auditors and its statutory obligations towards the company and its shareholders. The outcome of the assessment process was positive, reflecting that the committee meets best practice, and is functioning effectively and efficiently. In 2018/19, the company will conduct an externally facilitated performance assessment, and an overview of the results and remedial action taken, will be reported accordingly.

Each major operational area has its own audit and compliance meeting processes which subscribe to the same company audit philosophies and reports and feeds into the Tongaat Hulett Audit and Compliance Committee.

RISK, SAFETY, HEALTH, ENVIRONMENT (SHE), SOCIAL AND ETHICS COMMITTEE

The committee is constituted as a statutory committee in respect of its obligations prescribed by the Companies Act, and as a committee of the Board in respect of all additional duties assigned to it by the Board.

The committee, comprising non-executive and executive directors, is chaired by an independent non-executive director, and meets at least twice a year. Its current members are N Mjoli-Mncube (Chairman), PH Staude (CEO), F Jakoet, TN Mgoduso, SM Beesley and MH Munro (in his capacity as Chief Risk Officer). Various heads of operations and senior managers (responsible for SHE, broader sustainability aspects, SED, stakeholder engagement and ethics, amongst others) attend this meeting by invitation. MAC Mahlari is the secretary. The chairman of the committee reports to the Board on all matters discussed by the committee within its mandate as well as providing minutes of all its activities and decisions taken.

Primary responsibilities and objectives of the committee include:

- monitoring the social and economic development activities of the company;
- ensuring that the company is and is seen to be a responsible corporate citizen, in line with Principle 3 of King IV™;
- ensuring that there are processes in place to monitor consumer relationships and general compliance with consumer protection laws;
- monitoring the company's standing relative to the United Nations Global Compact principles, the Organisation for Economic Cooperation and Development (OECD) recommendations regarding combating corruption and the International Labour Organisation Protocol on decent working conditions for employees, and the company's contribution towards the education and development of employees;
- ensuring that the company has implemented effective policies and plans for employee and public safety, health and environment that enhance the company's ability to achieve its strategic objectives, including the impact of the company's activities and products on the environment and society;
- monitoring the social performance and ethical governance and practices of the company;
- overseeing on behalf of the Board the total process of risk management and governance, including amongst others reviewing the implementation of the risk management strategy and policies by means of risk management systems and processes; and
- ensuring that there is meaningful engagement with the company's identified stakeholders.

The detailed report on measures taken to monitor corporate citizenship and how the company performed on its various projects relating to corporate citizenship is contained in the sustainability section of this integrated report.

During the previous reporting period, the committee carried out a self-evaluation of its performance. The results of the self-evaluation process reflected that the committee was satisfied with how it executed its responsibilities and fulfilled its mandate. The next performance evaluation will be facilitated externally by a service provider, and an overview of the results and remedial action taken, will be reported accordingly.

The Risk, SHE, Social and Ethics Committee presents its report to the shareholders as required by the Companies Act and recommended by King IV™, illustrating how it discharged its statutory responsibilities and acted in accordance with its terms of reference for the period to 31 March 2018:

1. Statutory duties

Social and economic development (SED)

Tongaat Hulett's strategic goal is described as "value creation for all stakeholders through an all-inclusive approach to growth and development". It is within this context that the company's SED initiatives are utilised to partner with government and society in various operational areas, to create shared value, particularly in communities most impacted by business activities.

The company's key SED focus elements are in the area of, among others, healthcare - with communities in the rural areas benefiting most; food security projects; education initiatives as well as sports, arts and culture. During the period under review, the committee monitored the SED initiatives and contributions undertaken by the company, within the business objective of contributing to the creation of successful rural communities. This is in line with the company's SED policy, which confirms the philosophy of constructively contributing towards building and enhancing the quality of life of the communities in the Southern African regions where the company operates.

The strategic importance of the company's SED contribution and examples of recent achievements, particularly within the context of its relationship with private farmers, surrounding communities across all areas of operation and the link to the business' various stakeholder relationships, can be found in the sustainability elements section of the integrated report, as well as in the CEO's review.

The company is committed to economic sustainability and continues to assess its business approach to responsible strategic sourcing, empowerment and preferential procurement, taking into account employment equity, skills development and broad-based black economic empowerment (B-BBEE) within the Southern African context. The company is committed to meeting B-BBEE requirements in South Africa, and annually conducts a B-BBEE audit assessment through AQrate, an accredited institution. Further details on the company's B-BBEE rating, scorecard performance and certificate are discussed in the sustainability report, available on the website.

Tongaat Hulett is a signatory to and participant of the United Nations Global Compact, a corporate citizen initiative espousing principles in the areas of human rights, labour, environment and anti-corruption. The company continues to adhere to the ten principles articulated in the Global Compact to promote sustainable development and good corporate citizenship through a set of values based on universally accepted principles. The committee is satisfied that the ten principles are receiving due and appropriate attention by the company on an ongoing basis.

Good corporate citizenship

During the period under review, the committee monitored the company's standing and commitment in terms of being a responsible corporate citizen. This included the committee reviewing in great detail the company's stakeholder value creation framework which is linked to the strategic objectives of the company. The framework covers inter alia, the company's objective to assist with the development of small-scale private farmers, partnering with key stakeholders to progress renewable energy initiatives and creating successful rural communities within Tongaat Hulett's cane catchment area.

The committee also assessed the company's proactive stakeholder engagement interface and other processes in place that ensure that the appropriate communication strategy for each stakeholder grouping is identified and successfully implemented, thereby contributing to the maintenance and development of strong and effective stakeholder relationships.

Tongaat Hulett continues to be regarded as a responsible corporate citizen by demonstrating its commitment to philanthropic and empowerment initiatives and the committee is satisfied that this element continues to receive appropriate attention.

A full report of the stakeholder relationships, various initiatives led by the company and the positive impact on stakeholder engagement can be found under the social and relationship capital element of the sustainability report.

Safety, health and environment (SHE)

During the period under review, the committee performed its responsibility of overseeing the performance of the company against its set SHE targets and objectives, and considered various reports relating to SHE risks and opportunities that face the company.

The committee reviewed in detail all the fatality reports presented before it, whether work, non-work related, or third party. SHE initiatives and risk management protocols continue to receive key focus, with the CEO continuing to provide leadership and direction on strategic implementation of these initiatives not only within the company but extending the various programmes to include contractors, service providers and where applicable, surrounding communities.

The committee reviewed health management programmes including HIV/AIDS and TB management as well as malaria, noting that the company's performance monitoring and measurement criteria are aligned with the World Health Organisation's approach. The committee commended the company's implementation of SANS 16001 that would ensure a systematic integrated approach to managing NCDs. In line with the company's health strategic plan, three (3) pilot sites, including one in Zimbabwe, completed the Wellness and Disease Management System - SANS 16001 audit and were all recommended for certification. The company's comprehensive safety programmes, employee and community focused health initiatives and environmental stewardship are covered in detail in the social capital and natural capital elements of the sustainability report.

Zero tolerance on child labour, forced and compulsory labour

The committee confirms that as a signatory to the Universal Declaration of Human Rights, the company is committed to supporting freedom of association and collective bargaining at its various operations.

The company also has a zero tolerance approach to child labour and inhumane treatment of employees, including any form of forced labour or physical punishment of employees.

The company commits to respect internationally recognised human rights expressed in the International Bill of Human Rights and by the International Labour Organisation. This includes a commitment to avoid causing or contributing towards adverse human rights impacts through business activities, and seeking to prevent or mitigate adverse human rights impacts that are directly linked to Tongaat Hulett operations, products or services by business relationships.

Tongaat Hulett confirms its commitment to ongoing transparent engagement with stakeholders in response to specific human rights concerns that may be raised from time to time. Reporting in accordance with the Global Reporting Initiative's (GRI) Standards is covered in the company's integrated annual report.

Ethics governance

As a responsible and ethical corporate citizen, the company entrenches a culture of organisational integrity that supports an ethical corporate environment. The company is fully committed to ethical business practices and abides by a policy of fair dealing, honesty and integrity in the conduct of its business. During the year under review, the Code of Business Conduct and Ethics (discussed in more detail under ethics management and governance), was reviewed and updated. The Code embodies the strategic ethical mindset of the organisation and highlights key principles and values.

2. Terms of reference

The committee has adopted and operates within formal terms of reference that have recently been reviewed during the period under review and approved by the Board. The committee confirms that for the period, it discharged its duties and responsibilities in accordance with these updated terms of reference. The summary of the role of the committee is articulated on page 71 of this integrated annual report.

3. Duties assigned by the Board

During the period under review, the committee fulfilled its responsibilities assigned to it by the Board in accordance with its terms of reference. The committee assisted the Board to fulfill its risk governance role and SHE objectives by ensuring, among others, that the company has implemented effective policies and plans for risk and opportunity management, and SHE that enhance the company's ability to achieve its strategic objectives. The committee also ensured that disclosures and communication between the Board and the Audit and Compliance Committee regarding risk management processes and activities pertaining to SHE, were comprehensive and adequately facilitated. While the committee had specific duties relating to risk governance, the role of the Audit and Compliance Committee was retained in terms of some aspects of risk management, including financial reporting risks, internal financial controls and fraud and IT risks relating to financial reporting.

4. Relationship with other Board committees

The committee acknowledges the link between certain of its responsibilities with those of other committees of the Board. Some of these include the relationship with the Audit and Compliance Committee, which retains the responsibility for risk management as it relates to financial reporting risks, internal financial controls and fraud and IT risks relating to financial reporting.

Further, the company's standing on the recommendations espoused in the OECD regarding the prevention of corruption are reviewed and covered by the Audit and Compliance Committee which ensures that the company has adopted effective systems of internal control, has an independent external auditor, operates within an approved code of ethics, and has implemented whistle-blowing processes that support the non-victimisation of whistle-blowers, among others.

The company complies with the Employment Equity Act and has implemented appropriate policies that are based on the principle of creating equal opportunity for all within a diverse workforce with a substantial number of members of designated groups at all levels; supported by appropriate performance and talent management processes and activities, set recruitment targets, clear development and training programmes, and coaching and mentoring programmes among others. The human resources team drives these processes under the leadership of the CEO and reports to the Remuneration Committee, which reviews, assesses and endorses appropriate Employment Equity (EE) goals and targets. A detailed report on the company's human resources approach, including the company's efforts in accelerating employee transformation, appears in the sustainability elements of this integrated report.

5. Sustainability reporting

The committee reviewed and accepted the detailed sustainability report, available online on the company's website, noting the various themes of the report including social performance (social and relationship capital), environmental stewardship (natural capital) and human capital, manufactured capital and intellectual capital, as articulated in the International Integrated Reporting Framework. The committee reviewed the sustainability report as part of its role of assisting the Board to achieve better performance on sustainability matters, including the company's contribution to the development of communities in which its activities are predominantly conducted, sponsorships and SED programmes, relationships with key stakeholders, and the impact of the company's activities on the environment, employee health and public safety. As detailed above, the Audit and Compliance Committee has considered the sustainability and governance information as disclosed in the company's integrated annual report to ensure its reliability and consistency with the annual financial statements. Various reports of the external assurance service providers to ensure that the information is reliable and consistent with the financial results and other operational information at the disposal of the committee, were also considered. The independence of the external assurance service provider for the sustainability report was also assessed and confirmed.

6. Effectiveness of committee and attendance

The committee had two meetings during the period under review as required by its terms of reference. The evaluation of the committee was conducted in 2017 and the Board is satisfied with the leadership provided by the committee Chairman and the diligence of its members. The record of attendance is contained on page 68.

ETHICS MANAGEMENT AND GOVERNANCE

CODE OF BUSINESS CONDUCT AND ETHICS

In line with Principle 2 of King IV™, as the highest governing authority in the company, the Board governs the ethics of the company in a way that supports the establishment of an ethical culture. The Board is committed to conducting business ethically, and has delegated to management the responsibility to implement and execute appropriate codes and practices. The company operates within a formal Code of Business Conduct and Ethics (the Code), which was reviewed and updated in 2018, and approved by the Board. The Code was communicated and distributed to all employees across all levels in the company, and to suppliers. The Code is based on a fundamental belief that all business transactions should be legal and conducted beyond reproach in the spirit of honesty and fairness. The company has a zero tolerance approach to theft, fraud, corruption and any violation of the law or unethical business dealing by employees and suppliers. The Code also addresses conflict of interest situations and encourages employees to report any conflict or perceived conflict of interest situation. This may arise due to employees being offered and receiving gifts in return for favours, employees not being independent from business organisations having a contractual relationship or providing goods or services to Tongaat Hulett, and employees' personal investments taking priority over transactions for the company and its clients.

ETHICS MANAGEMENT REPORTING AND OVERSIGHT

The Audit and Compliance Committee assists the Board in overseeing the consistent application of and compliance with the Code through reports compiled by the corporate security manager and reported to the committee by internal audit. Incidents of fraud, corruption or unethical practices that are reported or detected through management controls are formally investigated, followed by formal disciplinary processes. In severe instances, criminal proceedings are instituted. Management is strict in ensuring the implementation of the Code across all operations in a daily context. Compliance by directors, all employees and suppliers to the high moral, ethical and legal standards of the Code is mandatory, and if employees become aware of, or suspect, a contravention of the Code, they are urged to promptly and confidentially report it to the Company Secretary or senior officials at management level.

Key areas of focus during the reporting period included revising and updating the Code to include the CEO's statement highlighting the company's commitment to integrity, ethics and honest behaviour; commitment to ZERO HARM in SHE practices; commitment to respecting human rights and highlighting the importance of whistle-blowing and revitalising awareness on the Tip-Off Anonymous Service. Other enhancements to the Code included highlighting the company's strong stance against intimidation, victimisation, retaliation or harassment of any stakeholders (including all employees, business partners and suppliers) who in good faith raise or report a concern that they reasonably believe is a violation of the Code or ethical behaviour.

WHISTLE-BLOWING SERVICE

As part of the fraud and corruption prevention approach, Tongaat Hulett has engaged the services of an independent whistle-blowing service provider to report on any unethical and unlawful behaviour or non-compliance with the Code.

The anonymous independent whistle-blowing service is operational in South Africa, Zimbabwe, Botswana, Mozambique, Swaziland and Namibia. Continuous training and awareness are important aspects of a successful ethics management programme. Each centre has been provided with the official Deloitte/Tongaat Hulett Tip-Offs DVD describing the whistle-blowing process, plus stickers and posters which have also been translated into Portuguese for the Mozambique operations.

Measures taken to monitor organisational ethics include ongoing monitoring and reporting of fraudulent activities that are identified through the whistle-blowing service. Detailed reports are discussed at operational audit committee meetings, with significant reports submitted to and discussed in detail by the Audit and Compliance Committee meeting. The detailed reports, submitted by internal audit, highlight the nature of the violation of the Code, the detail of any financial loss if applicable, the root cause of the violation, the disciplinary action taken, and whether any criminal or civil action will be undertaken, as well as any possible recovery. During the period under review, there were no new significant fraudulent activities reported.

RISK MANAGEMENT PROCESS

Tongaat Hulett’s approach to strategic risk management (and its integration with seeking and maximising the connected or related opportunities or the conversion of the risk into opportunity) is aligned with Principle 11 of King IV™ and is continuously evolving. The risk management framework is reviewed continuously and updated when relevant. The framework includes a focus on risk tolerance (ability to withstand or even survive the issue/event) and risk appetite (risk limits desired or risk level willing to be taken), which have been detailed previously and remain applicable.

The risk management process involves identifying, analysing and taking the appropriate action with regard to specific identified scenarios, the aggregation of a number of individual risks, interrelated and interconnected issues, strategic positioning issues, macro issues/global trends, relevant clusters of such topics and a focus on the whole situation. Essentially it is an aggregation of risk data, with a consensus view thereof and the appropriate response. It is particularly aimed at identifying risks that might become extreme/beyond tolerance, as well as risk items, with their potential impact, that are being classified as within tolerance but could be beyond appetite.

The aim of this risk management process is to support and complement the setting and achieving of strategic objectives. The process is embedded and integrated into the business activities of Tongaat Hulett, from strategic and business planning through to day-to-day management.

This integrated approach results in:

- A thorough assessment of risks and opportunities emanating from the positioning and operation of Tongaat Hulett in the full extent of its broader spheres of influence and areas of engagement, leading to the appropriate and proactive strategic positioning and response to the potential risk/opportunity profile. This includes assessing risks (probability together with potential impact) and then focusing on both "mitigation" (reducing the probability and the potential impact) and shifting risks to "possibilities" and "opportunities".
- The resultant business strategy and plans include providing an approach that allows the business to operate under conditions of volatility and to be able to work through and recover from potential "shocks".

The Board has consistently delegated to management the responsibility to implement and execute effective risk and opportunity management. Reporting to and engaging with the Board on these topics is clearly spelled out and integrated into the regular Board reports, Strategic Plans and Budget/Business Plans, together with specific other communication when required. This takes into account the "triple context" (i.e. economic, societal and natural environment contexts) relevant to Tongaat Hulett and the "six capitals".

In analysing the potential impact/consequence, a number of factors (financial; sustainability/environment/human; stakeholder; reputation; governance and compliance; and projects related) are considered. Using the relevant measures it is then determined if it is a high, medium or low impact/consequence (e.g. for a financial measure, a high impact could measure in the hundreds of millions of profit/cash flow). Likewise, in analysing the probability/possibility/likelihood, it is then assessed if it has a high, medium or low likelihood. Given the complex nature of many such strategic topics, one practical option is to complete the aforementioned ratings (impact/consequence and probability/possibility/likelihood) on the basis of a consensus view derived from the aggregated risk data in an executive review of the topic, with a reasonable calibration being important. The holistic rating of the risk issue (i.e. residual risk after mitigating actions and factors) would then classify it as extreme, substantial or tolerable. The assessment needs to take into account the actions and mitigation already underway or requiring to be undertaken.

An integration of risks and opportunity management, linked to strategy, is covered throughout the CEO’s review.

The Tongaat Hulett internal audit function, which is supported by its internal audit service provider, KPMG, has performed a review of the effectiveness of the company’s internal control environment, including its internal financial controls, and the effectiveness of its risk management process. The evaluation of the company’s risk management processes included a review undertaken by KPMG. It noted Tongaat Hulett’s positioning, for the review period, on the KPMG Risk Maturity Continuum as "integrated", which is the second highest level. The KPMG Risk Maturity Continuum has the levels of "weak-sustainable-mature-integrated-advanced" (order of maturity). Consequently, the company’s internal audit function has provided independent assurance to the Audit and Compliance and Risk, SHE, Social and Ethics Committees and the Board on the effectiveness of its risk management processes.

Company-wide systems of internal control exist in all key operations to manage and mitigate risks and a Combined Assurance Strategy and Plan has been implemented to further enhance the co-ordination of assurance activities. Tongaat Hulett’s Combined Assurance Plan provides a framework for the various assurance providers to work together to provide assurance to the Board, through the Audit and Compliance and Risk, SHE, Social and Ethics Committees, that all significant risks are adequately managed. The Plan consists of "three layers of defense", being management, functional oversight and independent assurance providers, wherein the assurance on the risk management and related controls for the company is reported.

Appropriate business continuity plans and resources have been identified in order to ensure the implementation of recovery procedures, where potential risks have been identified as having the possibility of constituting a disaster.

For the period under review, the Tongaat Hulett Board, assisted by the above-mentioned committees, is of the view that the internal control environment and the risk management processes in place for the company are effective.

ACCOUNTABILITY AND INTERNAL CONTROL

The directors are required by the Companies Act to maintain records and prepare financial statements, which fairly present the state of affairs of the company as at the end of the financial year and the results of its operations for that year, in conformity with International Financial Reporting Standards. The financial statements are the responsibility of the directors and it is the responsibility of the independent external auditors to report thereon.

To enable the directors to meet these responsibilities, standards have been set, including the application of the company's Internal Control Framework. Tongaat Hulett Limited's Internal Control Framework is based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Integrated Framework, which has emerged as the leading framework that companies and auditors use to evaluate controls.

Systems of internal control are implemented to reduce the risk of error, loss or failure to achieve corporate objectives in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework of prudent and effective accounting procedures and adequate segregation of duties. They are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in an appropriate manner, which is above reproach.

The company's internal audit function operates independently in all operations to appraise and evaluate the effectiveness of the operational activities and the attendant business risks. Where necessary, recommendations are made for improvements in the systems of internal control and accounting practice based on internal audit plans and reports which take cognisance of relative degrees of risk of each function or aspect of business.

Comprehensive management reporting disciplines are in place, which include the preparation of annual budgets by all operating entities. The operating Boards approve individual operational budgets, while the company budget is reviewed and approved by the Tongaat Hulett Board. Monthly results and the financial status of the operations are reported against budgets and forecasts and compared to the results of the prior year. Profit projections and cash flow forecasts are regularly updated, taking into account various economic scenarios and working capital and borrowing levels are monitored on an ongoing basis.

THIRD-PARTY MANAGEMENT AND RELATED PARTY TRANSACTIONS

No part of the company's business was managed during the year by any third-party in which any director had an interest.

The company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in Tongaat Hulett Limited's annual financial statements fairly represents their shareholding in the company, both beneficial and indirect, interest in share options of the company and the compensation earned from the company for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.

INSIDER TRADING

No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director, officer or employee may trade in the company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the company is under a cautionary announcement.

GOING CONCERN ASSERTION

The directors confirm that they are satisfied that the company has adequate strategic, financial and operational resources to continue its business for the foreseeable future. The basis upon which this assessment is made is recorded at the time of approval of the annual financial statements. The Board continues to adopt the going concern basis for preparing the financial statements.

RELATIONSHIP WITH STAKEHOLDERS

The Board endorses the elements of Principle 16 of King IV™ that states that in the execution of its governance roles and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. For more detail on the company's engagement with its wide range of important stakeholders, and key focus areas during the reporting period, please refer to the sustainability section of this integrated report.

The CEO, CFO and the Investor Relations and Communications Executive interface regularly with institutional investors on key strategic themes and the performance of the company, through various presentations and scheduled meetings as per the company's investor relations programme. The current programme includes management conducting roadshows in South Africa, and internationally, in addition to its participation in selected conferences. Through the company's website, a wide range of information is available to all shareholders and other stakeholders, including the integrated annual report, information on investor relations, and updates of the company's activities and its many initiatives to promote stakeholder value creation and sustainability.

Tongaat Hulett remains committed to principles of transparency, and copies of presentations given to the investment community are available on the company's website. The company encourages the attendance of shareholders at AGMs and welcomes fruitful discussions and questions arising from the agenda and any additional issues of interest or concern to the shareholders.

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.tongaat.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	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. 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. The annual bonus scheme has a threshold financial target below which no bonuses are paid to executives and senior management. 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.	From CEO to entry level management (latter effective 2017/18)	To reward successful achievement of company targets and personal performance and to act as an attraction and retention mechanism. 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.
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	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. 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	Executive management, senior management and qualifying professional employees. Targeted key and high potential employees for retention.	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	To ensure alignment with shareholder and management interests and to encourage achievement of strategic business objectives. The company uses DBP awards to motivate the executive management to focus on driving sustainable share price growth.

2018/19 ANNUAL BONUS SCHEME PERFORMANCE CONDITION TARGETS - FINANCIAL AND OPERATIONAL METRICS

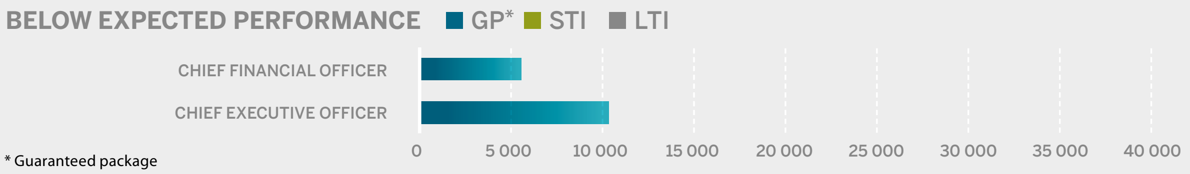
Following the recommendation of the Remco and with the approval of the Tongaat Hulett Board, the operation of the annual bonus scheme for middle management and upwards for the 2018/19 year is as set out below. Below this level there is a guaranteed bonus of 10% of annual basic salary.

<table>
<tr><th colspan="2">Short-term incentive: Annual Bonus Scheme</th></tr>
<tr><td>Eligibility</td><td>CEO to entry level management</td></tr>
<tr><td>Formula</td><td>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.</td></tr>
<tr><td>Gatekeeper</td><td>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.</td></tr>
<tr><td>Maximum value of bonus</td><td>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:
<table>
<tr><th>Level</th><th>Maximum as % of cash package</th></tr>
<tr><td>CEO</td><td>80%</td></tr>
<tr><td>CFO/Executive leadership</td><td>65% - 70%</td></tr>
<tr><td>Senior management</td><td>30% - 50%</td></tr>
<tr><td>Middle management</td><td>10% - 20%</td></tr>
</table>
</td></tr>
<tr><td>Elements of the annual bonus calculation</td><td>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):
<table>
<tr><th></th><th>Financial targets - corporate</th><th>Financial targets - operational</th><th>Non-financial targets</th><th>Maximum bonus</th></tr>
<tr><td>Weighting %</td><td colspan="2">65%</td><td>35%</td><td></td></tr>
<tr><td>CEO</td><td>52%</td><td></td><td>28%</td><td>80%</td></tr>
<tr><td>Corporate executives: top-tier</td><td>45%</td><td>None</td><td>25%</td><td>70%</td></tr>
<tr><td>Corporate executives (operations): top-tier</td><td>29%</td><td>16%</td><td>25%</td><td>70%</td></tr>
</table>
</td></tr>
<tr><td>Financial performance measures</td><td>The performance conditions for the 2018/19 year include:
<table>
<tr><th>Corporate</th><th>Operations</th></tr>
<tr><td>Headline earnings</td><td>Operating profit</td></tr>
<tr><td>Return on capital employed</td><td>Cash flow</td></tr>
<tr><td>Cash flow</td><td></td></tr>
</table>
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.</td></tr>
<tr><td>Individual performance and non-financial KPIs</td><td>Performance on an individual level is assessed relative to two aspects:
• 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:
• 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.</td></tr>
<tr><td>Changes to the 2018/19 STI annual bonus scheme</td><td>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).</td></tr>
</table>

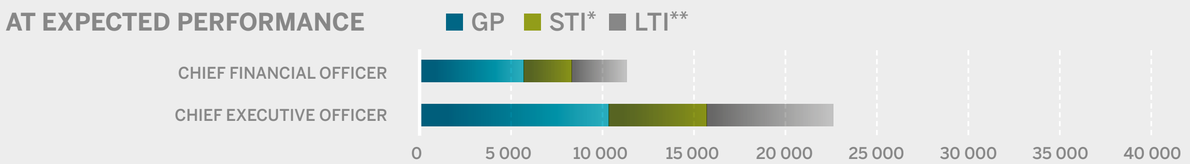
2018/19 LONG-TERM INCENTIVE PLANS

Long-term incentive plans	
Brief description of plans	Tongaat Hulett currently operates three separate LTI plans, referred to as "the Plans": • Share Appreciation Right Scheme 2005 (SARS) • The Long-Term Incentive Plan 2005 (LTIP) • The Deferred Bonus Plan 2005 (DBP) 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.
Eligibility and allocation levels	Executive management, senior management and qualifying professional employees 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.
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	For the awards that will be made in the upcoming year, the following performance conditions and periods are applicable: LTIP awards will vest after a three-year period, and will be subject to: • 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%. The SARS will vest after a three-year period, subject to an increase in HEPS. The vesting will be on a sliding scale. • 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. 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. 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.
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.

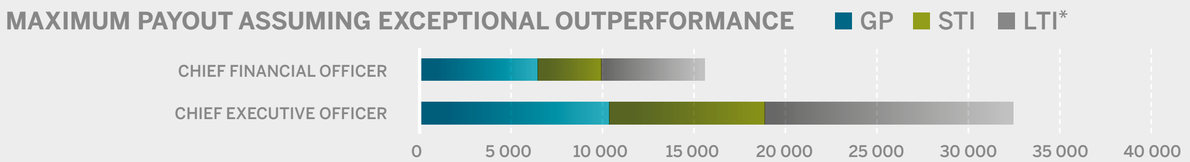
PAY MIX (R000)



* Guaranteed package



* On target performance assumed at 60% of maximum.
** Based on the average of the past 2 years awards. Indicative expected value on grant date.



* LTIP/DBP: Indicative expected value on grant date assuming the average allocation levels for the past 2 years and assuming full vesting.
SARS: Indicative expected value assuming the average allocation levels for the past 2 years, a share price growth of 18% p.a. and full vesting.
The share price growth was based on an estimated Cost of Equiy plus a premium based on upper quartile returns and market practice.

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 RLTIP	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.

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.

LTI 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:

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.	• Positions 1 - 4 • Positions 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% The vesting outcome was zero
	Lower limit	12,9% = 30%		
	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%

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 Scheme [2]				
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 plan [3]				
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 Plan [3]				
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
Non-binding advisory vote on the remuneration policy	145
Non-binding advisory vote on the implementation report	145

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)

	12 months to 31 March 2018			12 months to 31 March 2017		
Name	**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).

FINANCIAL REPORTING

SEGMENTAL ANALYSIS

BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities *	Capital Employed	Capital Expenditure	Depreciation
2018							
Sugar			21 854	2 162	19 760	1 934	895
Zimbabwe	3 918	563					
Swaziland	210	29					
Mozambique	1 584	159					
South Africa	6 332	86					
Sugar operations - total	12 044	837	21 854	2 162	19 760	1 934	895
Starch operations	3 913	572	2 248	831	1 394	86	105
Land Conversion and Developments	1 025	661	4 591	1 136	3 413	4	1
Centrally accounted and consolidation items		(61)	422	9 952	337	37	
Other capital items		(39)					
BEE IFRS 2 charge and transaction costs		(14)		603			
Share of associate company's profit		2					
Consolidated total	16 982	1 958	29 115	14 684	24 904	2 061	1 001
2017							
Sugar			21 393	1 782	19 710	939	926
Zimbabwe	4 399	504					
Swaziland	236	69					
Mozambique	1 723	308					
South Africa	6 405	390					
Sugar operations - total	12 763	1 271	21 393	1 782	19 710	939	926
Starch operations	4 172	510	2 412	873	1 522	89	100
Land Conversion and Developments	980	641	3 840	1 065	2 730	2	1
Centrally accounted and consolidation items		(74)	309	8 183	241	39	
BEE IFRS 2 charge and transaction costs		(15)		623			
Consolidated total	17 915	2 333	27 954	12 526	24 203	1 069	1 027

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**2018**	2017
South Africa, Mozambique and Zimbabwe	**13 515**	15 717
Rest of Africa	**1 812**	614
Europe	**580**	1 220
Asia and other	**574**	76
North America	**293**	
Australasia	**208**	288
	16 982	17 915

The aggregate effect of intra-group transactions is immaterial.
Geographical location of non-current assets: South Africa R6 335 million; Other countries R9 086 million (2017: South Africa R5 807 million; Other countries R9 276 million).

* Total liabilities comprise segment liabilities of R14 684 million, deferred tax of R2 376 million and tax of R46 million (2017: Total liabilities comprise segment liabilities of R12 526 million, deferred tax of R2 537 million and tax of R153 million).

Detailed below is a revenue and cost analysis of the sugar operations in Zimbabwe, Mozambique and South Africa which is provided in the respective currencies of each country and is unaudited.

Zimbabwe US$million	2018	2017	2016	2015	2014	2013
Revenue	302	312	257	314	286	380
Sugar sales	279	287	233	292	260	360
Other activities	23	25	24	22	26	20
Sugar stock movement	(12)	(5)	6	(28)	35	10
Revenue adjusted for stock movements	290	307	263	286	321	390
Less costs						
Payments for third-party cane	75	62	58	70	76	92
Goods/services/transport/marketing, salaries/wages	145	145	141	135	146	186
Offcrop costs carried in	15	20	20	14	20	16
Depreciation/amortisation	11	15	16	17	19	19
Profit before root depreciation, replant costs and cane valuations	44	65	28	50	60	77
Root depreciation/replant costs #	(16)	(12)	(18)	(21)	(3)	(12)
Cane valuations - income statement effect	15	(17)	(9)	6	(24)	9
Operating profit	43	36	1	35	33	74
Raw sugar production (tons)	392 000	454 000	412 000	445 000	488 000	475 000
Sugar sales (tons)	412 000	463 000	403 000	491 000	426 000	456 000

Mozambique Metical million	2018	2017	2016	2015	2014	2013
Revenue	7 380	7 711	4 790	5 171	5 035	5 644
Sugar sales	7 130	7 288	4 405	4 943	4 857	5 452
Other activities	250	423	385	228	178	192
Less costs						
Payments for third-party cane	790	750	363	402	318	350
Goods/services/transport/marketing, salaries/wages	4 665	4 444	2 948	2 887	2 785	3 052
Offcrop costs carried in	490	506	542	429	466	421
Depreciation/amortisation	495	502	520	522	495	442
Profit before root depreciation, replant costs and cane valuations	940	1 509	417	931	971	1 379
Root depreciation/replant costs #	(611)	(756)	(688)	(313)	(167)	(339)
Cane valuations - income statement effect	410	627	345	(245)	(308)	368
Operating profit	739	1 380	74	373	496	1 408
Raw sugar production/sales (tons)	218 000	198 000	232 000	271 000	249 000	235 000

South Africa Sugar (including downstream activities) Rand million	2018	2017	2016	2015	2014	2013
Revenue *	5 475	5 082	4 279	5 229	5 265	4 467
Sugar sales	4 389	4 074	3 285	4 138	4 206	3 554
Other activities	1 086	1 008	994	1 091	1 059	913
Less costs						
Payments for third-party cane/SASA levies	2 192	2 080	1 631	2 102	2 194	1 809
Goods/services/transport/marketing, salaries/wages	2 677	2 418	2 475	2 658	2 558	2 325
Offcrop costs carried in	262	193	169	139	182	131
Depreciation/amortisation	164	116	93	101	125	85
Profit before root depreciation, replant costs and cane valuations	180	275	(89)	229	206	117
Root depreciation/replant costs #	(151)	(130)	(137)	(94)	(44)	(74)
Cane valuations - income statement effect	57	245	141	126	178	265
Operating profit/(loss)	86	390	(85)	261	340	308
Raw sugar production (tons)	513 000	353 000	323 000	541 000	634 000	486 000

* Revenue net of industry redistribution/sugar purchases.
# Root depreciation from 2016 and root replant costs in prior years.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018 — Tongaat Hulett Limited

CONTENTS

FINANCIAL HIGHLIGHTS

	2018	2017
Revenue (Rmillion)	**16 982**	17 915
Operating profit (Rmillion)	**1 958**	2 333
Cash flow from operations (Rmillion)	**2 275**	3 176
Headline earnings (Rmillion)	**617**	982
Headline earnings per share - basic (cents)	**534,8**	852,7
Annual dividends per share (cents)	**160,0**	300,0

CURRENCY CONVERSION GUIDE

	Closing rate at 31 March		
	2018	2017	2016
Rand/US Dollar	**11,89**	13,38	14,84
Rand/Metical	**0,20**	0,20	0,33
Rand/Euro	**14,64**	14,29	16,84
US Dollar/Euro	**1,23**	1,07	1,13

	Average rate for year		
	2018	2017	2016
Rand/US Dollar	**13,00**	14,09	13,81
Rand/Metical	**0,21**	0,22	0,35
Rand/Euro	**15,15**	15,45	15,20
US Dollar/Euro	**1,17**	1,10	1,10

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

These annual financial statements have been prepared in accordance with International Financial Reporting Standards under the supervision of the Chief Financial Officer, MH Munro CA (SA) and have been audited in accordance with the requirements of the Companies Act of South Africa.

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and integrity of the consolidated and separate annual financial statements of the company and other information included in this report that has been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the Directors' Statutory Report.

The directors, supported by the Audit and Compliance Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent external auditor on the results of the statutory audit, that the group's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the group's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

In preparing the financial statements, the group has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the group at 31 March 2018 and the results of its operations for the year then ended. The directors are also of the opinion that the group will continue as a going concern in the year ahead.

The independent external auditors concur with the above statements by the directors.

The group's independent external auditors, Deloitte & Touche, have audited the financial statements and their unmodified report appears on pages 102 to 105.

The consolidated and separate annual financial statements were approved by the Board of directors on 24 May 2018 and are signed on its behalf by:

Bahle Sibisi
Chairman

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act of South Africa in respect of the year ended 31 March 2018 and that all such returns are true, correct and up to date.

MAC Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

The directors hereby submit the annual financial statements for the year ended 31 March 2018.

Nature of business

Tongaat Hulett is an agri-processing business that includes the integrated components of land management, property development and agriculture. The activities are dealt with in detail in this integrated annual report.

Financial results

The net profit attributable to shareholders for the year ended 31 March 2018 amounted to R713 million (2017: R983 million). This translates into a headline earnings per share of 534,8 cents (2017: 852,7 cents) based on the weighted average number of shares in issue during the year.

Declaration of ordinary dividend

An interim gross cash dividend (number 180) of 100 cents per share for the half-year ended 30 September 2018 was paid on 2 February 2018. A final gross cash dividend number 181 of 60 cents per share was declared and is payable on 28 June 2018 to shareholders recorded in the register at the close of business on Friday 22 June 2018.

The salient dates of the declaration and payment of this final dividend are as follows:

Last date to trade ordinary shares		
"CUM" dividend	Tuesday	19 June 2018
Ordinary shares trade "EX" dividend	Wednesday	20 June 2018
Record date	Friday	22 June 2018
Payment date	Thursday	28 June 2018

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Wednesday 20 June 2018 and Friday 22 June 2018, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Wednesday 20 June 2018.

The dividend has been declared from income reserves. A net dividend of 48 cents per share will apply to shareholders liable for the local 20 percent dividend withholding tax and 60 cents per share to shareholders exempt from paying the dividend tax. The issued ordinary share capital as at 24 May 2018 is 135 112 506 shares. The company's income tax reference number is 9306/101/20/6.

Share capital

There was no change in the authorised capital of the company. Details of the unissued ordinary shares and the company's share incentive schemes are set out in the Remuneration Report and in notes 11 and 34.

In 2007, Tongaat Hulett entered into a broad-based BEE equity participation transaction, which inter alia included an 18 percent participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles). This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007.

This BEE participation structure involved the issuance of 25 104 976 million "A Preferred Ordinary" shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a seven year term, within the overall ten year transaction period contemplated in the agreements. On the seven year anniversary of the transaction (i.e. beginning of July 2014), the process commenced that resulted in the automatic conversion of the "A Preferred Ordinary" shares to Ordinary shares. The "A Preferred Ordinary" shares thus converted to Ordinary shares and ranked equally (pari passu) with other ordinary shares and were listed on the JSE on 4 July 2014. Further information is provided on page 114.

At the previous AGM, a general authority was granted by shareholders for the company to acquire its own shares in terms of the Companies Act. The directors consider that it will be advantageous for the company were this general authority to continue. Such authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time. Shareholders will be asked to consider a special resolution to this effect at the forthcoming AGM with the proviso that the number of ordinary shares acquired in any one financial year may not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed.

In compliance with the JSE Listings Requirements, the acquisition of shares or debentures ("securities") pursuant to a general authority may only be made by a company subject to such acquisitions:

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's memorandum of incorporation;
- being authorised by the shareholders of the company in terms of a special resolution of the company in a general meeting which will be valid only until the next AGM of the company; provided that such authority will not extend beyond 15 months from the date of the resolution; and
- not being made at a price greater than ten percent above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period.

Furthermore, in terms of the JSE Listings Requirements, the directors consider that in their opinion, taking into account the effect of the maximum acquisition by the company of shares issued by it as referred to above:

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 24 May 2018;
- the assets of the company and of the group will be in excess of the liabilities of the company and the group for a period of 12 months from 24 May 2018. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 24 May 2018; and
- the working capital of the company and the group for a period of 12 months from 24 May 2018 will be adequate for the company's and the group's requirements.

Subsidiary companies and joint operations

The principal subsidiaries and joint operations of the company are reflected in note 26.

The attributable interest of the company in the results of its consolidated subsidiaries and joint operations for the year ended 31 March 2018 is as follows:

	2018	2017
In the aggregate amount:		
Net profit (Rmillion)	1 212	1 265
Net losses (Rmillion)	50	57

Directorate

There were no changes to the directorate during the period under review. The composition of the Board is currently as follows: CB Sibisi (Chairman), PH Staude (CEO), F Jakoet, SM Beesley, J John, RP Kupara, TN Mgoduso, N Mjoli-Mncube, MH Munro, SG Pretorius and TA Salomão.

Directors retiring by rotation at the AGM in accordance with article 61 of the memorandum of incorporation are MH Munro, TA Salomão and CB Sibisi. The memorandum of incorporation states that a director who has reached the mandatory retirement age of seventy (70) is required to retire at the AGM and may be re-elected by shareholders for a specific term as determined by shareholders in a specific ordinary resolution. This applies to the Chairman of the Remuneration Committee, SG Pretorius, who turned seventy (70) in 2018, and whose services, experience, knowledge, skills and wisdom the company wishes to retain for a further period of up to two (2) years. These directors are eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 64 to 65.

Directors' shareholdings

At 31 March 2018 the directors of the company beneficially held a total of 567 954 ordinary shares equivalent to 0,42 percent in the ordinary listed share capital of the company (2017: 524 464 ordinary shares). Details of the directors' shareholdings and interests in the share incentive schemes are provided on page 86 and pages 91 to 92 of the Remuneration Report. There has been no change in these holdings between 31 March and 24 May 2018.

Audit and Compliance Committee

The Audit and Compliance Committee has considered the provisions of the Companies Act and has taken the necessary steps to ensure compliance. The committee confirms that during the period under review it carried out its functions responsibly and in accordance with its terms of reference as detailed in its report contained in the annual financial statements section of this integrated annual report on pages 100 to 101. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

Events after the reporting date

There were no material events between 31 March 2018 and the date of this report.

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

AUDIT AND COMPLIANCE COMMITTEE STATUTORY REPORT

The Audit and Compliance Committee is pleased to report as follows for the financial year ended 31 March 2018:

1. Statutory duties

The committee confirms that it performed the following statutory duties as required by the Companies Act and in accordance with its terms of reference:

- Nominated for appointment as external auditor of the company at the AGM, Deloitte & Touche, a registered auditor accredited to appear on the JSE List of Accredited Auditors who, in the opinion of the committee is independent of the company, and Mr G Kruger as the designated auditor, for the 2018/19 financial year. The Committee was satisfied with the quality of the external audit process and the team assigned to the audit. In arriving at the conclusion of independence, the committee considered multiple factors, good governance and quality control processes currently applied to Deloitte & Touche, including conducting the external auditor independence evaluation, the reviews conducted by IRBA on the designated auditor and the external audit firm, and the internal reviews conducted on the designated auditor. Furthermore, a rigorous partner rotation process is applied, which contributes to the independence assertion. The Committee remains cognisant of the developments in the Audit profession. No matters of concern were noted by the committee regarding the performance of the external auditors. The external auditors continue to have unrestricted access to the Audit Committee and its Chairman.
- Considered and noted the key audit matters as determined by the external auditors.
- Determined the fees to be paid to the external auditor and agreed to the terms of their engagement and audit plan in consultation with executive management. The audit fee for the year ended 31 March 2018 has been fully disclosed in note 18 of the annual financial statements.
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors, including consideration of criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.
- Determined the nature and extent of any non-audit services that the auditor may provide to the company.
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company, and monitored compliance with the company's policy on non-audit services provided by the external auditor.

The committee confirms that it did not receive any concerns or complaints relating to the accounting practices and the internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company or any other related matter during the period under review.

2. Terms of reference

The Audit and Compliance Committee has adopted and operates within formal terms of reference that have been recently approved by the Board of directors to align them with King IV™. The committee confirms that for the period under review, it discharged its duties and responsibilities in accordance with the terms of reference. The summary of the role of the committee is as articulated on page 69 of this integrated annual report.

3. Duties assigned by the Board

During the period under review, the committee performed its duties and responsibilities assigned to it by the Board in accordance with the terms of reference. The committee has monitored the company's compliance processes with regard to legal, regulatory and corporate governance requirements. The committee has also specifically reviewed the financial statements of the company and was satisfied that they comply with International Financial Reporting Standards. The committee reviewed the assessment by management of the going concern statement of the company and concluded to the Board that the company will continue as a going concern in the year ahead.

4. Expertise and experience of Financial Director and the finance function

During the period under review, the committee considered the expertise and experience of the Tongaat Hulett Financial Director Mr Murray Munro, in terms of the Listing Requirements of the JSE and satisfied itself that his expertise and experience meet the appropriate requirements. Mr Munro is an experienced and long serving CFO and executive director of the company. He holds BCom and CA (SA) qualifications and has held a number of executive financial, commercial, market and general management positions in various operations. The committee also evaluated the competence of the finance function as required by King IV™ and concluded that the expertise, quality, resources and experience of the finance function of all operations, reporting into the financial director of Tongaat Hulett, is effective and meets the appropriate requirements.

5. Internal Audit

The work performed by internal audit was in accordance with the internal audit plan for the year ended 31 March 2018 and included the review of general and application computer controls on the systems used for financial reporting purposes. In addition, the committee approved internal audit's coverage and work plan, which follows a risk-based approach, for the financial year commencing 1 April 2018.

The head of internal audit has direct access to the committee primarily through the Chairman of the committee. During the period under review, the head of internal audit had the opportunity to address the committee without the executive management of the company present.

Tongaat Hulett's internal audit function, which is supported by its internal audit service provider, KPMG, has as required by its mandate, performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, IT controls as they pertain to financial reporting and the effectiveness of its risk management process. Based on the results of these reviews, the internal audit function has confirmed to the Audit and Compliance and Risk, SHE, Social and Ethics Committees and to the Board that no evidence came to light that the internal control environment and risk management process for the company were ineffective. In addition, nothing indicated a material weakness in internal financial controls, whether from design, implementation or operation (individually or in combination with other weaknesses).

Management is focused on continuous improvements to systems of internal control. During the period under review, an external quality assurance review of the internal audit function that was performed concluded that the Tongaat Hulett internal audit function "generally conforms" to the standards recommended by the Institute of Internal Auditors, which is the highest rating in terms of the standards of the Institute of Internal Auditors. The status of "generally conforms" continues to be applicable for a period of five years from the date of validation in terms of the standards of the Institute of Internal Auditors.

The Audit and Compliance Committee is of the view, based on the representations made by internal audit, that the internal financial controls in place for the company were not ineffective during the period under review.

6. Integrated Reporting, Sustainability and Combined Assurance

The committee has considered the sustainability and governance information as disclosed in the company's integrated annual report to ensure its reliability and consistency with the annual financial statements. The committee also considered the various reports of the external assurance service providers and is satisfied that the information is reliable and consistent with the financial results and other operational information at the disposal of the committee. The committee has ensured a robust process for the company's combined assurance model, the integrity of the information and reports, as well as the degree to which an effective control environment has been achieved. The committee is thus satisfied that the assurance coverage obtained from management, internal and external assurance providers for the year under review is sufficient and robust. Furthermore, the committee assessed and satisfied itself of the independence and competency of the external assurance service provider, ERM for the sustainability report for the year under review.

7. Approval of Integrated Report

At its meeting held on 16 May 2018, the committee recommended the integrated annual report, which includes the annual financial statements, for approval by the Board of directors, taking into account the combined assurance model adopted by the company.

8. Attendance

The Audit and Compliance Committee had three meetings during the period under review. The record of attendance of members of this committee is contained in the corporate governance section.

9. Matters to be approved at the annual general meeting

- **Election of Audit and Compliance Committee Members**

  In terms of section 94(2) of the Companies Act, shareholders of the company are required to elect members of the Audit Committee at each AGM. The Nomination Committee recommends that J John, SM Beesley, F Jakoet and RP Kupara be appointed as members of the Audit and Compliance Committee. The abridged profiles of the proposed members appear on pages 64 to 65.

- **Appointment of independent external auditors**

  As required by section 90(1) of the Companies Act, the shareholders of the company are required to approve the appointment of the independent external auditors on an annual basis. The committee has recommended to the Board, which in turn has recommend to the shareholders, that Deloitte & Touche be appointed as the company's independent auditors for the year ending 31 March 2019, with Mr G Kruger as designated auditor.

On behalf of the Audit and Compliance Committee

J John
Audit and Compliance Committee Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TONGAAT HULETT LIMITED REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Tongaat Hulett Limited and its subsidiaries (the Group) set out on pages 85 to 92, page 94 and pages 106 to 139 which comprise the statements of financial position as at 31 March 2018, income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Growing crops valuation (consolidated and separate)	
Under IAS 41: Agriculture, the Group is required to measure its standing cane at fair value. Standing cane: The value of standing cane is based on the estimated cane price and sucrose content less costs for harvesting, transport and over-the-weighbridge costs. Significant judgement by the directors is required in estimating the expected cane yield, the estimated sucrose content, and the forecast sucrose price for the various markets. The total value of growing crops amounts to R2,755 billion (2017: R2,549 billion) (Company: R764 million, 2017: R707 million), as set out in note 8 of the consolidated and separate financial statements. Due to the significance of the balance to the financial statements as a whole, combined with the significant judgement associated with determining the carrying value, the valuation of growing crops is considered to be a key audit matter.	Our procedures performed in considering the appropriateness of the valuation of growing crops included the following: • We assessed the design and implementation of key controls by management over the standing cane valuation; • We assessed the appropriateness of the principles used in the valuation of standing cane and assessed the assumptions such as projected rainfall and the discount rate as used in the valuation models against market data and predictions; • Detailed testing was performed on the key inputs into the cane valuation model including the expected yields, expected sucrose content, expected prices as well as exchange rates in translating valuations in other African countries to confirm validity, accuracy and completeness of the data. This included comparing the inputs to market data; • We performed retrospective reviews by comparing the above key inputs used in the prior period valuations, to actual outcomes, to assess the reasonableness and accuracy of the estimates used; and • Sensitivity analyses were performed to assess the impact of changes in the key inputs. Based on our procedures performed the growing crops valuation appears to be within a reasonable range.

Key Audit Matter	How the matter was addressed in the audit
Accrual for future development expenditure (consolidated)	
In Tongaat Hulett Developments, project cost of sales determination and cost allocation to sites includes a future development expenditure accrual. This involves significant judgement by the directors in determining the total expected project costs, expected sales price and allocations of common infrastructure costs. Accordingly the calculation of the accrual for future development expenditure, which amounts to R585,692 million (2017: R600,374 million) at year end, is a key audit matter. This accrual has been included in accounts payable as disclosed in note 17 of the consolidated financial statements.	We assessed the appropriateness of the accrual by performing audit procedures which included the following: • We assessed the design and implementation of management's key controls around the accrual determination; • For existing development projects/phases, details and expenditure input estimates were assessed against those made previously, as well as actual costs, substantiating any material amendments to corroborating documentation; • Allocations of common infrastructure costs were assessed for reasonableness against historic data; and • For new development projects/phases, we performed tests of detail on the initial estimates of development expenditure by substantiating the estimates with supporting cost estimates or agreements from external parties. Based on the procedures performed we concurred with Tongaat Hulett Developments' determination of the accrual.

Other Information
The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, the Remuneration Report, the Certificate by Company Secretary, the Directors' Statutory Report and the Audit and Compliance Committee Report which we obtained prior to the date of this auditor's report and the Integrated Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Tongaat Hulett Limited for 80 years.

Deloitte & Touche

Deloitte & Touche

Registered Auditor
Per: Gavin Kruger CA (SA), RA
Partner

24 May 2018

Deloitte Place
2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia 4051
Docex 3 Durban
PO Box 243
Durban 4000
South Africa

Tel: +27 (0)31 560 7000
Fax: +27 (0)31 560 7351

www.deloitte.com

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2018 | **Tongaat Hulett Limited**

Company 2017	Company 2018	Rmillion	Note	Consolidated 2018	Consolidated 2017
		ASSETS			
		Non-current assets			
4 856	5 365	Property, plant and equipment	1	**13 922**	13 688
619	681	Long-term receivable	2	**681**	619
		Goodwill	3	**346**	382
325	274	Intangible assets	4	**447**	366
		Investments	5	**25**	28
5 563	6 112	Subsidiaries and joint operations	6		
11 363	12 432			**15 421**	15 083
2 793	2 878	**Current assets**		**13 694**	12 871
853	846	Inventories	7	**3 072**	2 949
707	764	Growing crops	8	**2 755**	2 549
913	930	Trade and other receivables		**4 549**	4 070
262	267	Major plant overhaul costs		**627**	562
	7	Derivative instruments	9	**7**	
		Tax		**22**	
58	64	Cash and cash equivalents	10	**2 662**	2 741
14 156	15 310	**TOTAL ASSETS**		**29 115**	27 954
		EQUITY AND LIABILITIES			
		Capital and reserves			
135	135	Share capital	11	**135**	135
1 544	1 544	Share premium		**1 544**	1 544
		BEE held consolidation shares	12	**(623)**	(642)
1 300	1 204	Retained income		**9 401**	9 044
413	369	Other reserves		**(286)**	700
3 392	3 252	**Shareholders' interest**		**10 171**	10 781
		Minority (non-controlling) interest		**1 838**	1 957
3 392	3 252	**Equity**		**12 009**	12 738
5 797	5 799	**Non-current liabilities**		**8 215**	8 296
375	229	Deferred tax	13	**2 376**	2 537
4 861	4 993	Long-term borrowings	14	**5 048**	4 975
561	577	Provisions	16	**791**	784
4 967	6 259	**Current liabilities**		**8 891**	6 920
2 383	2 241	Trade and other payables	17	**4 157**	3 589
2 575	4 010	Short-term borrowings	14	**4 077**	2 546
		Non-recourse equity-settled BEE borrowings	15	**603**	623
9	8	Derivative instruments	9	**8**	9
		Tax		**46**	153
14 156	15 310	**TOTAL EQUITY AND LIABILITIES**		**29 115**	27 954

INCOME STATEMENTS

for the year ended 31 March 2018 **Tongaat Hulett Limited**

Company				Consolidated	
2017	2018	Rmillion	Note	**2018**	2017
9 188	8 992	**REVENUE**		**16 982**	17 915
1 868	1 158	**OPERATING PROFIT**	18	**1 958**	2 333
(865)	(977)	Financing costs	20	**(1 004)**	(939)
8	5	Finance income	20	**126**	129
1 011	186	**PROFIT BEFORE TAX**		**1 080**	1 523
17	121	Tax	21	**(249)**	(428)
1 028	307	**PROFIT**		**831**	1 095
		Attributable to:			
1 028	307	Shareholders of Tongaat Hulett		**713**	983
		Minority (non-controlling) interest		**118**	112
1 028	307			**831**	1 095
		EARNINGS PER SHARE (cents)	23		
		Basic		**618,0**	853,6
		Diluted		**618,0**	853,6

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2018 **Tongaat Hulett Limited**

Company 2017	Company 2018	Rmillion	Consolidated 2018	Consolidated 2017
1 028	307	**PROFIT FOR THE YEAR**	**831**	1 095
23	2	**OTHER COMPREHENSIVE INCOME**	**(1 163)**	(3 600)
		Items that will not be reclassified to profit or loss:		
		Foreign currency translation *	**(1 155)**	(3 624)
39	3	Actuarial (loss)/gain on post-retirement benefits	**(10)**	40
(11)	(1)	Tax on actuarial (loss)/gain	**2**	(11)
		Items that may be reclassified subsequently to profit or loss:		
(7)		Hedge reserve		(7)
2		Tax on movement in hedge reserve		2
1 051	309	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**(332)**	(2 505)
		Total comprehensive income attributable to:		
1 051	309	Shareholders of Tongaat Hulett	**(237)**	(2 324)
		Minority (non-controlling) interest	**(95)**	(181)
1 051	309		**(332)**	(2 505)

* Relates primarily to the translation into South African Rand on consolidation of assets and liabilities of Zimbabwe and Mozambique subsidiaries, which does not go through the income statement. During the year the Rand strengthened further against the US dollar and the Metical.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2018 **Tongaat Hulett Limited**

Rmillion	Share Capital	Share Premium	BEE Held Consolidation Shares	Capital Redemption Reserve Funds	Share-based Payment Reserve	Translation Reserve	Hedging Reserve	Retained Income	Shareholders' Interest	Minority (non-controlling) Interest	Total
CONSOLIDATED											
Balance at 31 March 2016	**135**	**1 544**	**(625)**	**33**	**357**	**3 633**	**5**	**8 191**	**13 273**	**2 152**	**15 425**
Share-based payment charge					60				60		60
Settlement of share-based payment awards					(65)				(65)		(65)
BEE share-based payment charge					13				13		13
Reallocation			(17)					17			
Dividends paid								(176)	(176)		(176)
Dividends paid - minorities										(14)	(14)
Total comprehensive income for the year						(3 331)	(5)	1 012	(2 324)	(181)	(2 505)
Profit for the year								983	983	112	1 095
Other comprehensive income net of tax						(3 331)	(5)	29	(3 307)	(293)	(3 600)
Balance at 31 March 2017	**135**	**1 544**	**(642)**	**33**	**365**	**302**		**9 044**	**10 781**	**1 957**	**12 738**
Share-based payment charge					10				10		10
Settlement of share-based payment awards					(65)				(65)		(65)
BEE share-based payment charge					12				12		12
Reallocation			19					(19)			
Dividends paid								(330)	(330)		(330)
Dividends paid - minorities										(24)	(24)
Total comprehensive income for the year						(943)		706	(237)	(95)	(332)
Profit for the year								713	713	118	831
Other comprehensive income net of tax						(943)		(7)	(950)	(213)	(1 163)
Balance at 31 March 2018	**135**	**1 544**	**(623)**	**33**	**322**	**(641)**		**9 401**	**10 171**	**1 838**	**12 009**
COMPANY											
Balance at 31 March 2016	**135**	**1 544**		**29**	**376**		**5**	**460**	**2 549**		
Share-based payment charge					60				60		
Settlement of share-based payment awards					(64)				(64)		
BEE share-based payment charge					12				12		
Dividends paid								(216)	(216)		
Total comprehensive income for the year							(5)	1 056	1 051		
Profit for the year								1 028	1 028		
Other comprehensive income net of tax							(5)	28	23		
Balance at 31 March 2017	**135**	**1 544**		**29**	**384**			**1 300**	**3 392**		
Share-based payment charge					10				10		
Settlement of share-based payment awards					(65)				(65)		
BEE share-based payment charge					11				11		
Dividends paid								(405)	(405)		
Total comprehensive income for the year								309	309		
Profit for the year								307	307		
Other comprehensive income net of tax								2	2		
Balance at 31 March 2018	**135**	**1 544**		**29**	**340**			**1 204**	**3 252**		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2018 **Tongaat Hulett Limited**

Company 2017	Company 2018	Rmillion	Consolidated 2018	Consolidated 2017
		Cash generated from operations		
844	451	Operating profit before dividends	**1 958**	2 333
1 024	707	Dividends received		
1 868	1 158	Operating profit	**1 958**	2 333
(144)	(16)	Surplus on disposal of property, plant and equipment	**(106)**	(42)
		Adjustments for:		
(144)	(3)	Growing crops valuation and other non-cash items	**(271)**	(38)
335	402	Depreciation	**1 001**	1 027
1 915	1 541	Operating cash flow	**2 582**	3 280
		Cash required by operations		
(119)	2	Inventories	**(233)**	(201)
3		Growing crops		3
(137)	(89)	Trade and other receivables	**(725)**	288
5	197	Trade and other payables	**651**	(194)
(248)	110	(Increase)/decrease in working capital	**(307)**	(104)
1 667	1 651	**Cash flow from operations**	**2 275**	3 176
(17)	(25)	Tax payments	**(354)**	(482)
(857)	(972)	Net financing costs	**(878)**	(810)
793	654	**Cash flow from operating activities**	**1 043**	1 884
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(299)	(490)	- New	**(876)**	(423)
(168)	(188)	- Replacement	**(298)**	(228)
(239)	(323)	- Cane roots	**(887)**	(418)
		Major plant overhaul cost changes	**(1)**	26
(144)	(79)	Expenditure on intangible assets	**(106)**	(166)
152	61	Proceeds on disposal of property, plant and equipment	**155**	54
		Investments		5
(698)	(1 019)	Net cash used in investing activities	**(2 013)**	(1 150)
95	(365)	**Net cash flow before dividends and financing activities**	**(970)**	734
		Dividends paid		
(216)	(405)	Ordinary shares	**(330)**	(176)
		Minorities	**(24)**	(14)
(216)	(405)	Dividends paid	**(354)**	(190)
(121)	(770)	**Net cash flow before financing activities**	**(1 324)**	544
		Cash flows from financing activities		
811	1 567	Borrowings raised	**1 611**	680
		Non-recourse equity-settled BEE borrowings	**(19)**	18
(58)	(57)	Settlement of share-based payment awards	**(65)**	(65)
(674)	(734)	Inter-group loans		
79	776	Net cash from financing activities	**1 527**	633
(42)	6	**Net increase/(decrease) in cash and cash equivalents**	**203**	1 177
100	58	Balance at beginning of year	**2 741**	1 877
		Currency alignment	**(282)**	(313)
58	64	**Cash and cash equivalents at end of year**	**2 662**	2 741

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The historical cost convention is used except for growing crops and certain financial instruments that are stated at fair value.

Tongaat Hulett has adopted all the new or revised accounting pronouncements as issued by the IASB which were effective for Tongaat Hulett for the current financial year. The adoption of these standards had no recognition and measurement impact on the financial results.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries. The results of subsidiaries are included from the date effective control was acquired and up to the date effective control ceased. Tongaat Hulett's share of investments in joint operations is accounted for from the effective date of acquisition and up to the effective date of disposal. All material inter-company balances and transactions are eliminated. Special purpose entities which were established in a black economic empowerment transaction have been and will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

Minority (non-controlling) interests in the net assets of consolidated financial statements are identified separately from Tongaat Hulett's equity therein. The interests of minority shareholders are initially measured at the date of acquisition at the minority's proportion of the net fair value of the assets and liabilities consolidated and thereafter, the minority's share of changes in equity since the date of acquisition.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, including refurbishment, less accumulated depreciation and impairment. Cost includes the estimated cost of dismantling and removing the assets. Interest and other costs incurred on major capital projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete.

Assets held under finance lease agreements are capitalised at fair value, depreciated over their expected useful lives and the corresponding liabilities to the lessor are raised. Lease finance charges are charged to profit or loss over the term of the relevant lease using the effective interest rate method. Land and capital work in progress are not depreciated. All other fixed assets, including major factory overhaul costs, are depreciated and charged to profit or loss over their expected useful lives to estimated residual values at rates appropriate to their use. Major plant overhaul costs on the sugar mills following the cessation of crushing for the season are carried forward as a current asset and charged against the following season's income. Where significant parts of a fixed asset item have different useful lives to the item itself, these component parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

During the year under review, property, plant, equipment and cane roots were depreciated on the straight-line basis using the rates set out below:

Agricultural land improvements	50 to 99 years
Buildings	30 to 50 years
Plant and equipment	4 to 40 years
Vehicles	4 to 12 years
Furniture and equipment	3 to 10 years
Cane roots	6 to 12 years

On the disposal or scrapping of property, plant, equipment and cane roots, the gain or loss arising thereon is recognised in profit or loss.

INTANGIBLE ASSETS

Intangible assets are measured initially at cost. Interest and other costs incurred on major projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete. After initial recognition, an intangible asset is measured at cost less accumulated amortisation and impairment. An intangible asset with a finite useful life is amortised on the straight-line basis over its expected useful life, as follows: software over 4 to 20 years, patents and licences over 4 to 20 years and cane supply agreements over 3 to 10 years. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

GROWING CROPS

Growing crops comprise standing cane carried at fair value. The carrying value is determined at the estimated cane price and sucrose content less harvesting, transport and over-the-weighbridge costs.

GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. At the date of each statement of financial position, the carrying value of goodwill is reviewed, as described under the accounting policy on impairment.

ASSOCIATE COMPANIES

Associates are those companies, which are not subsidiaries or joint operations, over which Tongaat Hulett exercises significant influence. Results of associates are equity accounted. Any losses of associates are brought to account until the investment in, and loans to, such associates are written down to a nominal amount. Thereafter losses are accounted for only insofar as Tongaat Hulett is committed to providing financial support to such associates.

The carrying value of investments in associates represents the cost of each investment including goodwill, the share of post-acquisition retained income or losses and other movements in reserves.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value determined in general on the first-in-first-out and average methods. The cost of finished goods and work in progress comprises direct materials, labour and appropriate overhead costs. Progress payments are deducted from work in progress where applicable. Development properties comprise land valued at cost and development expenditure attributable to unsold properties. Livestock and game are valued at fair value less costs to sell, in accordance with IAS 41. Obsolete and slow moving inventories are identified and suitable reductions in value are made where necessary.

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

Certain maize purchase commitments are recognised as constructive obligations. Maize that relates to such a constructive obligation is recognised as inventory, the related liability is recognised as a current liability and to the extent that the final purchase price includes a financing element, this is recognised as interest over the period of the obligation.

DEFERRED TAX

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which does not affect either taxable profit or accounting profit.

A deferred tax asset is raised in respect of the unused tax losses of an entity and offset against the deferred tax liability of that entity only where these losses may be utilised in the short term or will not expire in terms of applicable tax legislation.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At the date of each statement of financial position, Tongaat Hulett reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, or whether there should be a reversal of an impairment loss recognised in prior years. If any such indication exists the recoverable amount of the asset, being the higher of its fair value less cost of disposal and its value in use, is assessed in order to determine the extent of the impairment loss or reversal thereof, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. If the recoverable amount of an asset is later estimated to be greater than its carrying amount, its carrying amount is increased to its recoverable amount, which shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. Impairment losses and reversals of impairment losses are recognised immediately in profit or loss as exceptional items.

RESEARCH AND DEVELOPMENT

Expenditure on research is charged to profit or loss in the year in which it is incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. The amount of development cost recognised as an asset is amortised over the estimated useful life of the related development but not exceeding five years.

REVENUE

Revenue comprises sales arising from normal trading activities excluding intra-group transactions. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue and related costs can be reliably measured and the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. In the determination of revenue, cash and settlement discounts, rebates and VAT are excluded. Land sales include the sale of township properties and large land sales. In respect of the sale of township properties, sales are recognised when the relevant agreements are unconditional and binding on the purchaser, the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, zoning and final conditions of establishment have been obtained and servicing arrangements and costs are substantially finalised. Large land sales are generally significant in extent and comprise of land that is at various stages of the land conversion process. Large land sales are recognised when the relevant agreements are unconditional and binding on the purchaser and the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, any costs to be incurred can be measured reliably and where applicable, the relevant planning approval stage has been achieved.

FOREIGN CURRENCIES

The functional currency of each entity within Tongaat Hulett is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the date of the statement of financial position.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities whose functional currencies are different from Tongaat Hulett's presentation currency which, because of its primary operating activities, is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling at the date of the statement of financial position;
- Income and expense items at the average exchange rates for the period; and
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised in other comprehensive income.

FINANCIAL INSTRUMENTS

Recognition

A financial asset or financial liability is recognised in the statement of financial position for as long as Tongaat Hulett is a party to the contractual provisions of the instrument. Purchases of derivatives are recognised on trade date and sales are recognised on settlement date. Gains or losses on derecognition of financial assets or liabilities are recognised in profit or loss.

Measurement

Financial instruments are initially measured at fair value, including directly attributable transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

- Trade and other receivables originated by Tongaat Hulett are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.
- Cash equivalent investments are held at fair value.
- Financial liabilities are measured at amortised cost, except for derivatives, which are held at fair value.
- Unlisted investments are recorded at cost.

Gains or losses on subsequent measurement

Gains or losses on subsequent measurement of financial instruments that are carried at fair value, and are not part of a hedging relationship, are accounted for as follows:

- Fair value through profit or loss financial assets are recognised in profit or loss for the year.
- Available for sale and cash equivalent investments are taken to other comprehensive income until the financial asset is disposed of, or determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit or loss for the year.

For the purposes of hedge accounting, hedges are classified into two categories:

- Fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset, liability or firm commitment;
- Cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised in profit or loss for the year. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in profit or loss for the period.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss for the period. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in other comprehensive income, are transferred to profit or loss in the same period in which the hedged transaction affects profit or loss. Where the hedged transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognised, the associated gain or loss that had previously been recognised in other comprehensive income is included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial guarantee contracts

Where financial guarantee contracts are entered into, these are regarded as insurance contracts and accounted for as insurance arrangements.

GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. When the conditions attaching to government grants have been complied with, they are recognised in profit or loss over the period to which they relate. When they are for expenses or losses already incurred, they are recognised immediately in profit or loss.

EMPLOYEE BENEFITS

Retirement funds

The assets of the defined contribution schemes are held separately from those of Tongaat Hulett and are administered and controlled by trustees. Contributions to defined contribution schemes are charged to profit or loss when incurred.

There was previously a defined benefit arrangement which was converted in the 2012/13 financial year to a defined contribution arrangement with the outsourcing of existing pensioner liabilities to an insurer. The Tongaat Hulett Employer Surplus Account recognised in Tongaat Hulett's financial statements relates to the allocations previously made in the defined benefit fund. The employer surplus account may be utilised for a contribution holiday and, within the regulatory framework, there is a "loan" from the pension fund to the company in respect of the employer surplus account.

Post-retirement medical aid benefits and retirement gratuities

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Service costs and the net interest expense or income is recognised in profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income and will not be reclassified to profit or loss.

SHARE-BASED PAYMENTS

The company enters into share-based payment transactions in terms of the employee share incentive schemes. The charge to profit or loss required by IFRS 2 Share-based Payment is accounted for in terms of the scheme on the basis that the instruments are equity-settled. The total amount to be expensed on a straight-line basis over the vesting period is determined with reference to the fair value of the awards determined at the grant date. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become due, including taking into account the forfeiture of instruments due to resignation and these assumptions are reviewed on an annual basis. The fair value of the share-based payment is measured using a binomial tree model and/or a Monte Carlo Simulation model, as is appropriate for the various schemes.

CORPORATE TRANSACTIONS CONCLUDED IN 2007 - 25% BEE EQUITY PARTICIPATION TRANSACTIONS

Broad-based 18% interest held by strategic partners, cane and infrastructure communities

In 2007, Tongaat Hulett entered into a broad-based BEE equity participation transaction, which inter alia included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles) - the TH Infrastructure SPV (10%) and the yoMoba SPV (8%).

This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007. The cost related to this 18% broad-based BEE equity participation was measured and recognised at the grant date in June 2007, resulting in a once-off IFRS 2 cost of R320 million being recognised in profit or loss in 2007.

This BEE participation structure involved the issuance of 25,1 million A preferred ordinary shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a 7 year term, within the overall 10 year transaction period contemplated in the agreements.

In accordance with the various agreements for the 2007 BEE transaction, on the 7 year anniversary of the transaction (i.e. beginning of July 2014), the A preferred ordinary shares held by the BEE SPVs in Tongaat Hulett Limited were automatically converted to ordinary shares. The A preferred ordinary shares thus ceased to exist and the A preferred ordinary dividends of some R112 million per annum are no longer payable. These ordinary shares are held by the BEE SPVs for the time being, rank pari passu with other ordinary shares and were listed on the Johannesburg Stock Exchange on 4 July 2014.

The BEE Infrastructure SPV participation interest, concluded in 2007, of R1,289 billion was funded through a combination of notional vendor financing (R821 million), preference share funding (R458 million), equity (R5 million) and shareholders' loans (R5 million). The BEE yoMoba SPV participation interest of R1,031 billion was funded through a combination of notional vendor financing (R657 million), preference share funding (R367 million), equity (R4 million) and shareholders' loans (R4 million). The SPVs' participation interests were initially in the form of A preferred ordinary shares which were entitled to receive a fixed coupon every year for a period of seven years, within the overall ten year transaction period contemplated in the various agreements, until the 7 year anniversary of the transaction (i.e. beginning of July 2014), at which point the A preferred ordinary shares converted to ordinary shares which were then listed on the Johannesburg Stock Exchange. Tongaat Hulett had committed to pay a fixed coupon of R112 million in aggregate on an annual basis on the A preferred ordinary shares and the A preferred ordinary shares would not receive any ordinary dividends for the duration of the seven year period. In terms of the notional vendor finance arrangement between the respective SPVs and Tongaat Hulett (R821 million in respect of the BEE TH Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula. A calculation has been performed which determines the number of these converted shares that Tongaat Hulett is entitled to buyback. The number of shares to be repurchased is a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett, the success of the earn-in initiatives by the respective BEE partners and divided by the 30 day volume weighted average price of Tongaat Hulett ordinary shares to 1 July 2014. This buyback right is subordinated in favour of the repayment of the external funding and the BEE shareholder loans, which have no recourse to Tongaat Hulett and are well covered by the assets in the BEE SPVs. This means that the buyback by Tongaat Hulett can only occur after the repayment, in due course, of the external funding in the BEE SPVs. At the closing share price at 31 March 2018, approximately 6 million shares (2017: 5,1 million shares) held by the BEE SPVs are required to settle the external funding, which amounted to some R603 million (2017: R623 million) in the two BEE SPVs. Simultaneously, in accordance with the original agreements and formulae, at the current share price, Tongaat Hulett is entitled to buyback the approximately 19 million remaining shares for a consideration of R0,01 per share, in due course in this process. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the ordinary shares to be repurchased by Tongaat Hulett are not taken into account when calculating earnings per share and headline earnings per share. The external net debt of the SPVs, amounting to R603 million in aggregate at 31 March 2018 (2017: R623 million), is thus reflected on the consolidated statement of financial position and the funding charge incurred by the SPVs is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will ultimately effectively be equity-settled.

Tongaat Hulett continues to assess how best to take the 2007 BEE participation structure forward, both within the context of the original intent of a transaction structure and the context of the strategic importance to Tongaat Hulett of meaningful black economic empowerment. Shareholders will continue to be kept updated on the progression of these 2007 transaction structures and should any material changes be required then these would be brought to shareholders for consideration and approval in due course.

Vesting of the BEE 7% employee interest

The 7% BEE employee transaction of 2007, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP) reached a point in August 2012 where vesting in the trusts took place.

The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components namely a share appreciation right scheme and a share grant scheme. The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. These shares had specific repurchase terms at maturity on 1 August 2012. They were a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and became ordinary shares on maturity.

The IFRS 2 cost relating to the 7% BEE employee transaction is amortised over 5 years from date of grant. The initial grant of awards occurred on 1 August 2007 and the amortisation of the IFRS 2 cost relating to this award commenced in the second half of 2007. These initial awards vested on 1 August 2012.

The BEE employee equity participation trusts' subscription consideration for the original issue in 2007 of 9 740 908 B ordinary shares was funded through contributions by the respective operating entities in Tongaat Hulett. The notional vendor finance provided to the employees was recovered at the maturity of the scheme through the repurchase by Tongaat Hulett of 6 383 283 B ordinary shares (as determined in accordance with predetermined repurchase formulae) on the fifth anniversary of the effective date, at R0,01 per B ordinary share. These B ordinary shares were repurchased by Tongaat Hulett for a consideration of R63 833 and immediately cancelled. The remaining 3 357 625 B ordinary shares were converted to listed ordinary shares in Tongaat Hulett Limited. Of these listed ordinary shares, 1 880 431 shares were delivered to beneficiaries who had participated in the initial award on 1 August 2007. Of the MSOP participants whose shares vested, 70% elected to hold their shares in Tongaat Hulett. During the year ended 31 March 2018, a further 332 326 ordinary shares (2017: 181 809 ordinary shares) became available for delivery to employees. The remaining 314 029 listed ordinary shares (2017: 649 079 ordinary shares) are still time constrained for up to five years.

In accordance with IFRS, the ESOP Share Trust and MSOP Share Trust are consolidated by Tongaat Hulett and consequently the remaining 314 029 listed ordinary shares are reflected in BEE consolidation shares in the consolidated financial statements. These shares are taken into account for the purposes of the earnings per share and headline earnings per share calculations.

JUDGEMENTS MADE BY MANAGEMENT

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving complex or subjective judgements or assessments. The items for consideration have been identified as follows:

Growing crop valuation

Growing crops are required to be measured at fair value less harvesting, transport and over-the-weighbridge costs. In determining fair value, an estimate is made of the yield of the standing cane, sucrose content and the estimated cane price. These estimates can vary from the actuals when the cane is harvested.

In Tongaat Hulett Developments, project cost of sales determination and cost allocation to sites includes a future development expenditure accrual

Judgement is applied in determining total project costs, which are supported by estimates from professional consultants and consulting engineers for services infrastructure. These costs are reviewed by management three to four times a year during the forecasting process and if necessary, estimates are revised accordingly. At the outset, as well as during the life of a project, judgement is applied in determining the sales prices per saleable sites or bulk square metres, which is supported with input from estate agents, external property valuers and management on an ongoing basis, as well as during the forecasting process. For phased developments, judgement is applied to allocate common costs, including bulk infrastructure expenditure to development phases, taking into account factors such as expected sales values, land areas and development intensity. Thereafter, cost of sales allocation to sites is determined in proportion to sales values after making allowance for site and phase-specific infrastructural requirements.

Asset lives and residual lives

Property, plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Ongoing assessments are made regarding any potential impairment of assets across Tongaat Hulett, using valuation models prescribed under IFRS. Judgement is applied in identifying the impairment indicators and in determining inputs into the valuation models.

Post-retirement benefit obligations

Post-retirement benefit obligations are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare costs, inflation rates and salary increments.

KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position that management has assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

The following relevant new and amended standards and interpretations were in issue but not effective for the current year:

Effective for the next financial year:

IFRS 9: Financial Instruments
IFRS 15 and Clarifications to IFRS 15: Revenue from Contracts with Customers
Amendments to IFRS 2: Clarification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Transfers of Investment Property (Amendments to IAS 40)
IFRIC 22: Foreign Currency Transactions and Advance Consideration

Annual Improvements to IFRSs (2014 - 2016 Cycle):
- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 28: Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after 1 January 2019:

IFRS 16: Leases
Amendments to IFRS 9: Prepayment Features with Negative Compensation
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

Amendments to IAS 28: Long Term Interests in Associates and Joint Ventures
IFRIC 23: Uncertainty Over Income Tax Treatments

Annual Improvements to IFRSs (2015 - 2017 Cycle):
IFRS 3: Business Combinations
IFRS 11: Joint Arrangements
IAS 12: Income Taxes
IAS 23: Borrowing Costs

Effective for annual periods beginning on or after 1 January 2021:

IFRS 17: Insurance Contracts

Effect of new standards

Tongaat Hulett is in the process of evaluating the effects of these new and revised standards and interpretations. They are not expected to have a significant impact on Tongaat Hulett's results and disclosures other than for the potential impact of the standards discussed below:

IFRS 9: Financial Instruments
(effective for the year ending 31 March 2019)

The new requirements contained in IFRS 9 incorporate the classification and measurement of financial assets and liabilities, impairments and hedge accounting. The impact of adopting the new requirements of IFRS 9 in Tongaat Hulett is currently being assessed and it is anticipated that there will be no significant impact on Tongaat Hulett:

- Classification and measurement: No changes are expected as the majority of financial assets are held at amortised cost and will continue as such under IFRS 9.
- Impairments: The intention is to adopt the simplified approach for assessing potential impairment of trade receivables. Due to the short term nature of trade receivables in the sugar and starch businesses, and the trade receivables in the developments business effectively being secured by the underlying land sold, the new model is not expected to result in a significantly different potential impairment outcome than currently.
- Hedge accounting: Tongaat Hulett will apply the transitional provisions for hedge accounting contained in IFRS 9. In terms of these provisions, Tongaat Hulett may choose as its accounting policy, to initially continue to apply the existing hedge accounting approach of IAS 39 and in due course transition to the new hedge accounting requirements of IFRS 9. It is anticipated that the accounting outcome under both IFRS 9 and IAS 39 will be the same for Tongaat Hulett.

IFRS 15: Revenue from Contracts with Customers
(effective for the year ending 31 March 2019)

The core principle of IFRS 15 is that an entity should recognise revenue in a manner that depicts the pattern of transfer of goods and services to customers. The amount recognised should reflect the amount to which the entity expects to be entitled in exchange for these goods and services. The standard also introduces a 5 step approach to revenue recognition:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

An assessment of the potential impact of IFRS 15 on the various revenue streams is in the process of being finalised and will be completed prior to the release of the interim results.

IFRS 16: Leases
(effective for the year ending 31 March 2020)

IFRS 16 introduces significant changes to lessee accounting as it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases except for short-term leases (less than 12 months) and leases of low value assets.

The potential impact of adopting IFRS 16 is being assessed and to the extent that long-term operating leases will require to be recognised in the statement of financial position, it is likely that these leases will result in an increase in non-current assets and liabilities with interest on the lease liability and depreciation on the asset charged to profit or loss.

1. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

Consolidated	Total	Land, improvements and buildings	Cane roots	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	13 688	3 569	2 617	4 703	2 040	49	710
Additions	2 061	41	887	416	104	1	612
Disposals	(49)	(5)	(39)	(1)	(3)	(1)	
Depreciation	(1 001)	(86)	(498)	(300)	(115)	(2)	
Transfer to intangible assets	(12)		(11)		(1)		
Transfers		37		89	37	(9)	(154)
Currency alignment	(765)	(304)	(133)	(148)	(143)	(2)	(35)
Carrying value at end of year	13 922	3 252	2 823	4 759	1 919	36	1 133
Comprising:							
31 March 2018							
At cost	21 236	4 202	4 220	8 342	3 278	61	1 133
Accumulated depreciation	7 314	950	1 397	3 583	1 359	25	
	13 922	3 252	2 823	4 759	1 919	36	1 133
31 March 2017							
At cost	20 391	4 516	3 613	8 087	3 401	64	710
Accumulated depreciation	6 703	947	996	3 384	1 361	15	
	13 688	3 569	2 617	4 703	2 040	49	710

Company	Total	Land, improvements and buildings	Cane roots	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	4 856	502	1 259	2 316	184	2	593
Additions	1 001	7	323	395	23	1	252
Disposals	(45)	(4)	(39)	(1)	(1)		
Depreciation	(402)	(9)	(151)	(213)	(28)	(1)	
Transfer to intangible assets	(12)		(11)		(1)		
Inter-company transfer	(33)				(7)		(26)
Transfers				41	32		(73)
Carrying value at end of year	5 365	496	1 381	2 538	202	2	746
Comprising:							
31 March 2018							
At cost	8 851	658	1 793	5 106	541	7	746
Accumulated depreciation	3 486	162	412	2 568	339	5	
	5 365	496	1 381	2 538	202	2	746
31 March 2017							
At cost	7 967	655	1 532	4 680	501	6	593
Accumulated depreciation	3 111	153	273	2 364	317	4	
	4 856	502	1 259	2 316	184	2	593

Plant and machinery of Mozambique subsidiaries with a book value of R438 million (2017: R367 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R6 million (2017: nil).

The register of land and buildings is available for inspection at the company's registered office.

2. LONG-TERM RECEIVABLE (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Employer surplus account (note 31)	**751**	689	751	689
Less current portion	**(70)**	(70)	(70)	(70)
Carrying value at end of year	**681**	619	681	619

The carrying value of the long-term receivable approximates fair value.

3. GOODWILL (Rmillion)

	Consolidated	
	2018	2017
Carrying value at beginning of year	**382**	438
Currency alignment	**(36)**	(56)
Carrying value at end of year	**346**	382

The carrying value is attributable to the cash-generating units as follows:

Zimbabwe operations	**265**	298
Mozambique operations	**31**	33
Botswana operation	**42**	43
Namibia operation	**8**	8
	346	382

Goodwill is attributable to the Mozambique and Zimbabwe sugar operations and a Botswana and a Namibian subsidiary. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of four years, are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long-term growth trends of the market. The discount rates used in the cash flow models range between 11,6% and 15,9%. In the packing operations in Namibia and Botswana, sales growth rates of between 1% and 2% have been used while in the sugar production operations in Zimbabwe and Mozambique a return to production levels closer to capacity has been assumed post the drought. As at 31 March 2018, the carrying value of goodwill was considered not to require impairment. Based on the sensitivity calculations performed any reasonably possible changes in key assumptions would not cause the recoverable amounts to fall below the carrying values.

4. INTANGIBLE ASSETS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Cost:				
At beginning of year	**439**	278	394	250
Additions	**106**	166	79	144
Transfer from property, plant and equipment	**12**		12	
Disposals	**(3)**		(3)	
Inter-company transfer			(125)	
Currency alignment	**(15)**	(5)		
At end of year	**539**	439	357	394
Accumulated amortisation:				
At beginning of year	**73**	66	69	61
Charge for the year	**23**	8	17	8
Disposals	**(3)**		(3)	
Currency alignment	**(1)**	(1)		
At end of year	**92**	73	83	69
Carrying value at end of year	**447**	366	274	325
The carrying value comprises:				
Software	**418**	36	245	35
Patents and licences	**3**	18	3	18
Cane supply agreements	**10**		10	
Capital work in progress	**16**	312	16	272
	447	366	274	325

5. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Unlisted shares	**24**	27		
Loans	**1**	1		
Carrying value of investments (Directors' valuation)	**25**	28		

The carrying value of investments approximates fair value.
A schedule of unlisted investments is available for inspection at the company's registered office.

6. SUBSIDIARIES AND JOINT OPERATIONS (Rmillion)

	Company	
	2018	2017
Shares at cost, less amounts written off	**5 471**	5 471
Indebtedness by	**641**	92
	6 112	5 563
Indebtedness to (included in accounts payable)	**(77)**	(413)
	6 035	5 150

Details of principal subsidiary companies and the joint operation are included in note 26.

7. INVENTORIES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Raw materials	**482**	386	377	379
Work in progress	**15**	21	15	20
Finished goods	**321**	634	231	228
Consumables	**908**	790	223	226
Development properties	**1 229**	1 005		
Livestock and game	**117**	113		
	3 072	2 949	846	853

Included in raw materials is an amount of R319 million (2017: R274 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

8. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Carrying value of standing cane at beginning of year	**2 549**	2 914	707	465
Gain/(loss) arising from physical growth and price changes	**267**	88	(41)	178
Increase due to increased area under cane	**103**	68	98	68
Decrease due to reduced area under cane		(13)		(1)
Decrease due to land sales		(3)		(3)
Currency alignment	**(164)**	(505)		
Carrying value at end of year	**2 755**	2 549	764	707

In terms of IAS 41: Agriculture, sugarcane growing crops, comprising standing cane, is accounted for as a biological asset and is measured and recognised at fair value. Changes in the fair value are included in profit or loss. The fair value of standing cane is determined by estimating the growth of the cane, the yield, sucrose content, selling prices (including specifics such as European Union exports), less costs to harvest and transport, over-the-weighbridge costs and costs into the market as at 31 March 2018. In the tables that follow, the disclosures provided for South Africa relate to the Company.

Standing Cane	2018					2017
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Hectares for harvest	34 902	3 798	27 912	23 206	89 818	88 159
Standing cane value (Rand per hectare)	21 881	38 207	39 057	32 574	30 672	28 913
Yield (tons cane per hectare)	60	121	98	86	81	76
Average maturity of cane at 31 March (%)	80	71	63	66	69	64
Statement of financial position (Rmillion)						
Carrying value	764	145	1 090	756	2 755	2 549

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2018 is set out below and the fair value measurement disclosures are included in note 25.

Rmillion	**2018**	2017
Carrying value at beginning of year	**2 549**	2 914
Change in fair value	**370**	143
Land sales		(3)
Currency alignment	**(164)**	(505)
Carrying value at end of year	**2 755**	2 549

Rmillion	**2018**	2017
South Africa	**57**	245
Swaziland	**25**	2
Zimbabwe	**200**	(244)
Mozambique	**88**	140
Change in fair value	**370**	143

9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	**6**		6	
Forward exchange contracts - not hedge accounted	**1**		1	
Futures contracts - hedge accounted	**(8)**	(9)	(8)	(9)
	(1)	(9)	(1)	(9)
Summarised as:				
Derivative assets	**7**		7	
Derivative liabilities	**(8)**	(9)	(8)	(9)
	(1)	(9)	(1)	(9)

Further details on derivative instruments are set out in note 25.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit and cash advanced, repayable on demand and excludes bank overdrafts. The carrying value of cash and cash equivalents approximates fair value.

11. SHARE CAPITAL (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Authorised:				
150 000 000 ordinary shares of R1,00 each	**150**	150	150	150
Issued and fully paid:				
135 112 506 ordinary shares of R1,00 each	**135**	135	135	135

Under control of the directors in terms of a shareholders' resolution: 6 755 625 shares (2017: 6 755 625 shares).

Details of the employee share incentive schemes are set out on pages 87 to 92 of the Remuneration Report.

12. BEE HELD CONSOLIDATION SHARES (Rmillion)

	Consolidated	
	2018	2017
Broad-based 18% interest:		
25 104 976 (2017: 25 104 976) ordinary shares	**839**	839
BEE employee 7% interest:		
314 029 (2017: 649 079) ordinary shares		
	839	839
Less BEE SPV reserves	**(216)**	(197)
	623	642

13. DEFERRED TAX (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Balance at beginning of year	**2 537**	2 864	375	400
Currency alignment	**(184)**	(215)		
Current year other comprehensive income (relief)/charge on:				
Actuarial (loss)/gain	**(2)**	11	1	11
Hedge reserve		(2)		(2)
Current year income statement charge/(relief) on:				
Earnings before capital profits	**94**	(128)	(128)	(47)
Capital (losses)/profits	**(14)**	13	(19)	13
Prior years	**(55)**	(6)		
Balance at end of year	**2 376**	2 537	229	375
Comprising temporary differences related to:				
Property, plant and equipment	**2 362**	1 908	1 104	638
Growing crops	**870**	1 035	214	550
Long-term receivable	**210**	193	210	193
Current assets	**368**	280	11	14
Current liabilities	**(110)**	(125)	(41)	(42)
Tax losses	**(1 173)**	(882)	(1 121)	(805)
Other	**(151)**	128	(148)	(173)
	2 376	2 537	229	375

14. **BORROWINGS** (Rmillion)

	Effective interest rate	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
Long-term		**5 048**	4 975	4 993	4 861
Short-term and bank overdraft		**4 077**	2 546	4 010	2 575
		9 125	7 521	9 003	7 436
Long-term borrowings comprise:					
Secured:					
SA Rand					
Repayable 2019/20	10,70%	**110**	157		
Finance leases (note 28)	11,50%	**2**	2	2	2
		112	159	2	2
Unsecured:					
SA Rand					
Repayable 2024/25	3 month JIBAR + 0,50%	**252**	120	252	120
Repayable 2023/24	3 month JIBAR + 2,70%	**410**	410	410	410
Bond repayable 2022/23	3 month JIBAR + 2,60%	**170**		170	
Bond repayable 2022/23	3 month JIBAR + 2,60%	**350**		350	
Repayable 2022/23 (2017: repayable 2018/19)	3 month JIBAR + 2,55%	**350**	350	350	350
Repayable 2022/23	3 month JIBAR + 3,05%	**180**	180	180	180
Bond repayable 2021/22	3 month JIBAR + 2,85%	**180**	180	180	180
Bond repayable 2021/22	3 month JIBAR + 2,85%	**220**	220	220	220
Repayable 2021/22 (2017: repayable 2019/20)	3 month JIBAR + 2,25%	**375**	375	375	375
Repayable 2020/21 (2017: repayable 2018/19)	3 month JIBAR + 2,25%	**375**	375	375	375
Repayable 2020/21	3 month JIBAR + 2,55%	**300**	300	300	300
Bond repayable 2020/21	3 month JIBAR + 2,80%	**180**	180	180	180
Repayable 2019/20	3 month JIBAR + 2,55%	**500**	500	500	500
Repayable 2019/20	3 month JIBAR + 2,05%	**500**	500	500	500
Repayable 2019/20	3 month JIBAR + 2,00%	**350**	350	350	350
Repayable 2019/20 (2017: repayable 2018/19)	3 month JIBAR + 2,50%	**300**	300	300	300
Bond repayable 2018/19	3 month JIBAR + 2,40%	**170**	170	170	170
Repaid during the current year			350		350
		5 162	4 860	5 162	4 860
Long-term borrowings		**5 274**	5 019	5 164	4 862
Less current portion included in short-term borrowings		**226**	44	171	1
		5 048	4 975	4 993	4 861

Plant and machinery of Mozambique subsidiaries with a book value of R438 million (2017: R367 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R6 million (2017: nil).

Short-term borrowings comprise call loans and bank overdrafts with various South African financial institutions at interest rates linked to the prime overdraft rate as well as short-term borrowings in Mozambique of R6 million (2017: nil) and in Zimbabwe equivalent to R11 million (2017: R2 million).

Summary of future long-term loan repayments by financial year:

Year	2018/19	2019/20	2020/21	2021/22	2022/23	Thereafter
Rmillion	226	1 705	856	775	1 050	662

In terms of the company's memorandum of incorporation the borrowing power exercisable by the directors is limited to R18 014 million (2017: R19 107 million).

15. NON-RECOURSE EQUITY-SETTLED BEE BORROWINGS (Rmillion)

		Consolidated	
		2018	2017
The non-recourse equity-settled BEE borrowings comprise:			
	Effective interest rate		
4 122 000 Class B redeemable preference shares	80% of prime	**664**	693
Less BEE cash resources		**61**	70
		603	623

These borrowings relate to Tongaat Hulett's black economic empowerment partners, yoMoba SPV Proprietary Limited and TH Infrastructure SPV Proprietary Limited, which have been fully consolidated in terms of IFRS. yoMoba SPV Proprietary Limited owns 11 157 767 ordinary shares and TH Infrastructure SPV Proprietary Limited owns 13 947 209 ordinary shares in Tongaat Hulett.

The original preference share structure, comprising Class A and Class B redeemable preference shares, ran up until mid-2014 and had a fixed coupon payable semi-annually on 2 January and 1 July each year. The Class A redeemable preference shares were repaid on 1 July 2014, while the repayment terms of the Class B redeemable preference shares have been extended to 1 October 2018. The dividend payable on these shares is also payable on 1 October 2018. The debt due will be settled by the SPVs utilising the shares that they hold in Tongaat Hulett together with dividends received from Tongaat Hulett. These SPVs will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

16. PROVISIONS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Post-retirement medical aid obligations	**576**	576	442	435
Retirement gratuity obligations	**215**	208	135	126
	791	784	577	561

Further details on provisions are set out in note 31.

17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Accounts payable	**3 671**	3 080	1 755	1 874
Maize obligation - interest bearing	**486**	509	486	509
	4 157	3 589	2 241	2 383

The directors consider that the carrying amount of trade and other payables approximates their fair value.

18. **OPERATING PROFIT** (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Revenue	**16 982**	17 915	8 992	9 188
Cost of sales - cane, sugar and maize purchases	**(5 618)**	(6 259)	(4 473)	(5 214)
Cost of sales - other (includes goods, services, salaries and wages and offcrop)	**(7 867)**	(7 555)	(3 315)	(2 789)
Administration and other expenses	**(1 860)**	(1 689)	(744)	(695)
Marketing and selling expenses	**(371)**	(385)	(261)	(241)
Other net income (including growing crops fair value change)	**679**	309	1 038	1 515
Capital profits/(losses) (note 19)	**27**	12	(66)	118
BEE IFRS 2 charge and transaction costs	**(14)**	(15)	(13)	(14)
Operating profit	**1 958**	2 333	1 158	1 868
Disclosable items included in operating profit:				
Income from subsidiaries:				
Dividends received			707	1 024
Management fees			138	124
Amortisation of intangible assets	**23**	8	17	8
Auditors' remuneration:				
Fees	**19**	18	9	7
Other services	**2**	4		1
Depreciation charged:				
Buildings	**86**	104	9	8
Cane roots	**498**	481	151	130
Plant and equipment	**300**	277	213	169
Vehicles and other	**117**	165	29	28
Growing crops: gain from change in fair value	**370**	143	57	245
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	**5**	5		
Operating lease charges (property, plant and vehicles)	**133**	75	125	68
(Loss)/surplus on disposal of property, plant and equipment	**(3)**	4		
Share-based payments:				
IFRS 2 charge on SARS, LTIP and DBP	**10**	60	5	54
BEE IFRS 2 charge	**12**	13	11	12
Technical fees paid	**19**	22	19	22
Translation of foreign currencies	**6**	95	(2)	(4)
Valuation adjustments:				
Financial instruments	**(5)**	**(2)**	(5)	(2)
Fair value hedges:				
- Net losses on the hedged item	**(23)**	**(64)**	(23)	(64)
- Net gains on the hedging instrument	**23**	64	23	64

19. **CAPITAL PROFITS** (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Comprises:				
Surplus on sale of land, cane roots and buildings	**109**	38	16	144
Costs thereon	**(82)**	(26)	(82)	(26)
Capital profits/(losses) before tax	**27**	12	(66)	118
Tax (note 21)	**70**	(13)	19	(13)
Capital profits/(losses) after tax	**97**	(1)	(47)	105

20. NET FINANCING (COSTS)/INCOME (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Net financing costs comprise:				
Interest paid - external	**(1 049)**	(973)	(956)	(839)
Interest capitalised	**45**	34	45	34
Interest paid to subsidiaries			(66)	(60)
Financing costs	**(1 004)**	(939)	(977)	(865)
Finance income:				
Interest received - external	**126**	129	5	8
Net financing costs	**(878)**	(810)	(972)	(857)

21. TAX (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Tax on earnings before capital profits:				
Current	**222**	542	26	17
Deferred	**94**	(128)	(128)	(47)
Prior years - current and deferred	**3**	1		
	319	415	(102)	(30)
Tax on capital profits:				
Deferred	**(14)**	13	(19)	13
Prior years - deferred	**(56)**			
	(70)	13	(19)	13
Tax charge/(relief) for the year	**249**	428	(121)	(17)
Foreign tax included above	**261**	277	26	17
Reconciliation of statutory rate to effective rate:				
Tax charge at normal rate of South African tax	**302**	426	52	283
Adjusted for:				
Non-taxable capital surplus on disposal of property, plant and equipment	**(31)**	(38)	(5)	(41)
Other non-taxable amounts	**(18)**	(39)	(4)	(13)
Dividends received from subsidiaries			(198)	(287)
Assessed losses of foreign subsidiaries	**4**	11		
Non-deductible funding costs of BEE SPVs and related expenses	**16**	16		
Other non-deductible expenditure	**12**	17	10	12
Foreign tax rate variations	**(14)**	(12)		
Foreign withholding tax	**22**	11	20	9
Capital gains tax	**9**	35	4	20
Prior years	**(53)**	1		
Tax charge/(relief)	**249**	428	(121)	(17)
Normal rate of South African tax	**28,0%**	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable capital surplus on disposal of property, plant and equipment	**(2,9)**	(2,5)	(2,7)	(4,0)
Other non-taxable amounts	**(1,6)**	(2,6)	(2,2)	(1,3)
Dividends received from subsidiaries			(106,6)	(28,4)
Assessed losses of foreign subsidiaries	**0,4**	0,7		
Non-deductible funding costs of BEE SPVs and related expenses	**1,5**	1,1		
Other non-deductible expenditure	**1,1**	1,1	5,4	1,2
Foreign tax rate variations	**(1,3)**	(0,8)		
Foreign withholding tax	**2,0**	0,7	10,8	0,9
Capital gains tax	**0,8**	2,3	2,2	1,9
Prior years	**(4,9)**	0,1		
Effective rate of tax	**23,1%**	28,1%	(65,1%)	(1,7%)

Normal tax losses of R4 189 million (2017: R3 151 million) have been utilised to reduce deferred tax. Management considers that there will be sufficient future profits to utilise these tax losses. No deferred tax asset has been raised in respect of tax losses of foreign subsidiaries of R88 million (2017: R110 million) that may not be utilised in the short term or may expire in terms of applicable tax legislation.

22. HEADLINE EARNINGS (Rmillion)

	Consolidated	
	2018	2017
Profit attributable to shareholders	**713**	983
Less after tax effect of:	**(96)**	(1)
Capital profit on disposal of land, cane roots and buildings	**(27)**	(12)
Loss/(surplus) on disposal of property, plant and equipment	**3**	(4)
	(24)	(16)
Minority (non-controlling) interest	**(1)**	1
Tax on capital profit on sale of land, cane roots and buildings	**(70)**	13
Tax on disposal of other fixed assets	**(1)**	1
Headline earnings	**617**	982
Headline earnings per share (cents)		
Basic	**534,8**	852,7
Diluted	**534,8**	852,7

23. EARNINGS PER SHARE

Earnings and headline earnings per share are calculated using the weighted average number of relevant ordinary shares in issue during the year. The weighted average number of shares in issue during the year for both basic earnings per share and diluted earnings per share was 115 371 597 (2017: 115 158 241).

24. DIVIDENDS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Ordinary share capital				
Final for previous year, paid 29 June 2017: 200 cents (2017: 60 cents)	**270**	81	270	81
Interim for current year, paid 8 February 2018: 100 cents (2017: 100 cents)	**135**	135	135	135
	405	216	405	216
Less dividends relating to BEE SPV consolidation shares	**(75)**	(40)		
	330	176	405	216

The final ordinary dividend for the year ended 31 March 2018 of 60 cents per share declared on 24 May 2018 and payable on 28 June 2018 has not been accrued.

25. FINANCIAL RISK MANAGEMENT (Rmillion)

Financial instruments consist primarily of cash deposits with banks, unlisted investments, derivatives, accounts receivable and payable, and loans to and from associates and others. Financial instruments are carried at fair value, amortised cost or amounts that approximate fair value.

Categories of financial instruments	Consolidated		Company	
	2018	2017	2018	2017
Financial assets				
Derivative instruments in designated hedge accounting relationships	**7**		7	
Unlisted shares	**25**	28		
Trade and long-term receivables at amortised cost	**5 230**	4 689	1 611	1 532
Cash and cash equivalents	**2 662**	2 741	64	58
	7 924	7 458	1 682	1 590
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	**8**	9	8	9
Financial liabilities at amortised cost (trade payables and long and short-term borrowings)	**13 282**	11 075	11 244	9 317
Non-recourse equity-settled BEE borrowings	**603**	623		
	13 893	11 707	11 252	9 326

Risk management is recognised as being dynamic, evolving and integrated into the core of running the business. The approach to risk management in Tongaat Hulett includes being able to identify and describe / analyse risks at all levels throughout the organisation, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored at a Tongaat Hulett risk committee level. Risks and mitigating actions are given relevant visibility at various appropriate forums throughout the organisation.

In the normal course of its operations, Tongaat Hulett is inter alia exposed to capital, credit, foreign currency, interest, liquidity and commodity price risks. In order to manage these risks, Tongaat Hulett may enter into transactions, which make use of derivatives. They include forward exchange contracts (FECs) and options, interest rate swaps and commodity futures and options. Separate committees are used to manage risks and hedging activities. Tongaat Hulett does not speculate in or engage in the trading of derivative instruments. Since derivative instruments are utilised for risk management, market risk relating to derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged. The overall risk strategy remains unchanged from previous years.

Capital risk management

Tongaat Hulett's overall strategy around capital structure remains unchanged from previous years and is continually reviewed in budgeting and business planning processes. Tongaat Hulett manages its capital to ensure that its operations are able to continue as a going concern while maximising the return to stakeholders through an appropriate debt and equity balance. The capital structure of Tongaat Hulett consists of debt, which includes borrowings (long-term and short-term bank debt and bonds issued in the debt capital market), cash and cash equivalents and equity.

Credit risk

Financial instruments do not represent a concentration of credit risk because Tongaat Hulett deals with a variety of major banks, and its accounts receivable and loans are spread among a number of major industries, customers and geographic areas. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. In addition, appropriate credit committees review significant credit transactions before consummation. Where considered appropriate, use is made of credit guarantee insurance. A suitable provision is made for doubtful debts. Financial guarantee contracts are accounted for as insurance arrangements. The gross carrying amounts of financial assets best represent the maximum exposure to credit risk.

Past due trade receivables

Included in trade receivables are debtors which are past the expected collection date (past due) at the reporting date and no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. No collateral is held over these balances other than in respect of the land conversion activities where legal ownership of the underlying land asset is usually only transferred to the purchaser on receipt of the full proceeds. A summarised age analysis of past due debtors is set out below.

	Consolidated		Company	
	2018	2017	2018	2017
Less than 1 month	**323**	366	94	63
Between 1 to 2 months	**55**	36	8	10
Between 2 to 3 months	**4**	17	1	1
Greater than 3 months	**352**	98	4	6
Total past due	**734**	517	107	80
Provision for doubtful debts				
Set out below is a summary of the movement in the provision for doubtful debts for the year:				
Balance at beginning of year	**46**	36	8	4
Currency alignment	**(4)**	(4)		
Amounts written-off	**(2)**	(3)	(1)	(2)
Amounts recovered	**(2)**		(2)	
Increase in allowance recognised in profit or loss	**5**	17	5	6
Balance at end of year	**43**	46	10	8

Foreign currency risk

In the normal course of business, Tongaat Hulett enters into transactions denominated in foreign currencies. As a result, Tongaat Hulett is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. A variety of instruments are used to minimise foreign currency exchange rate risk in terms of the risk management policy. In principle it is the policy to cover foreign currency exposure in respect of liabilities and purchase commitments and an appropriate portion of foreign currency exposure on receivables. There were no speculative positions in foreign currencies at year end. All foreign exchange contracts are supported by underlying transactions. Tongaat Hulett is not reliant on imported raw materials to any significant extent. The fair values of the forward exchange contracts were established by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy and are accounted for as cash flow hedges.

Forward exchange contracts that constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
			2018	2017			2018	2017
	Average contract rate	Commitment Rmillion	**Fair value of FEC Rmillion**	Fair value of FEC Rmillion	Average contract rate	Commitment Rmillion	Fair value of FEC Rmillion	Fair value of FEC Rmillion
Imports								
US Dollar	11,93	15			11,93	15		
Euro	15,25	1			15,25	1		
Exports								
US Dollar	13,48	54	**6**		13,48	54	6	
Net total			**6**				6	

The hedges in respect of imports and exports are expected to mature within approximately one year

The fair value is the estimated amount that would be paid or received to terminate the forward exchange contracts in arm's length transactions at the date of the statement of financial position.

25. FINANCIAL RISK MANAGEMENT (Rmillion) continued

Forward exchange contracts that do not constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
			2018	2017			2018	2017
	Average contract rate	Commitment Rmillion	Fair value of FEC Rmillion	Fair value of FEC Rmillion	Average contract rate	Commitment Rmillion	Fair value of FEC Rmillion	Fair value of FEC Rmillion
Imports								
US Dollar	11,79	3			11,79	3		
UK Pound	17,49	6			17,49	6		
Euro	14,63	1			14,63	1		
Exports								
US Dollar	11,79	1	1		11,79	1	1	
Net total			1				1	

Although not designated as a hedge for accounting purposes, these forward exchange contracts represent cover of existing foreign currency exposure.
Tongaat Hulett has the following uncovered foreign receivables:

	Consolidated			Company		
	Foreign amount million	2018 Rmillion	2017 Rmillion	Foreign amount million	2018 Rmillion	2017 Rmillion
Australian Dollar	5	49	82	5	49	77
US Dollar	3	30	3	2	30	3
New Zealand Dollar		4				
		83	85		79	80

The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian dollar receivable will have a R5 million (2017: R8 million) impact on profit before tax and a R4 million (2017: R6 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R3 million (2017: R0,3 million) impact on profit before tax and a R2 million (2017: R0,2 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered New Zealand dollar receivable will have a R0,4 million (2017: nil) impact on profit before tax and a R0,3 million (2017: nil) impact on equity. This sensitivity is based on the exchange rates at the financial year end and the foreign values of the abovementioned receivables.

Commodity price risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the prices of commodities. To hedge prices for Tongaat Hulett's substantial commodity requirements, commodity futures and options are used, including fixed and spot-defined forward sales contracts and call and put options.

Tongaat Hulett Starch has secured its maize requirements for the current maize season to 31 May 2018 and a significant portion of its requirements for the period to 31 May 2019 by using a combination of unpriced procurement contracts and purchases and sales of maize futures.

The fair value of the commodity futures contracts, which are set out below, were established by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy.

	Consolidated				Company			
			2018	2017			2018	2017
	Tons	Contract value Rmillion	Fair value Rmillion	Fair value Rmillion	Tons	Contract value Rmillion	Fair value Rmillion	Fair value Rmillion
Futures - hedge accounted:								
Maize futures sold	27 700	54	(2)	(10)	27 700	54	(2)	(10)
Maize futures purchased	5 200	10	(6)	1	5 200	10	(6)	1
			(8)	(9)			(8)	(9)
Period when cash flow is expected to occur			2018/19	2017/18			2018/19	2017/18
When expected to affect profit or loss			2018/19	2017/18			2018/19	2017/18
Gain transferred from equity and recognised in profit or loss				5				5

Growing crops fair value measurement

Growing crops, comprising standing cane, is measured at fair value which is determined using unobservable inputs and is categorised as Level 3 under the fair value hierarchy. The fair value of standing cane is determined by estimating the growth of the cane, an estimate of the yield of the standing cane, sucrose content, selling prices, less costs to harvest and transport, over-the-weighbridge costs and costs into the market as at 31 March 2018. Changes in the fair value are included in profit or loss, with a benefit of R370 million (2017: R143 million) being recognised in profit or loss in the current year. The key unobservable inputs used in determining fair value and a reconciliation of the change in fair value for the year is included in note 8.

The effect of an increase in yield or in selling prices will result in an increase in the fair value of the standing cane. The key unobservable inputs, used in determining fair value and which are not interrelated, are yield of the standing cane and prices. The consolidated yield is 81 tons per hectare (2017: 76 tons per hectare) and for the company it is 60 tons per hectare (2017: 60 tons per hectare). For commercial reasons, selling prices cannot be disclosed. A change in yield of one ton per hectare would result in a R34 million (2017: R35 million) change in fair value for the consolidated results and R13 million (2017: R12 million) for the company. A change of one percent in the cane price would result in a R28 million (2017: R32 million) change in fair value for the consolidated results and R8 million (2017: R9,7 million) for the company.

Interest rate risk

Tongaat Hulett is exposed to interest rate risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of these instruments. Tongaat Hulett is also exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the cash management system, which enables Tongaat Hulett to maximise returns while minimising risks. The impact of a 50 basis point move in interest rates will have a R34 million (2017: R26 million) effect on profit before tax and a R25 million (2017: R19 million) impact on equity.

Liquidity risk

Tongaat Hulett manages its liquidity risk by monitoring forecast cash flows on a weekly basis. There are unutilised established banking facilities of R2,87 billion (2017: R3,06 billion). Tongaat Hulett continues to meet the covenants associated with its long-term unsecured South African debt facilities.

Maturity profile of borrowings inclusive of interest projected at current interest rates:

Consolidated	Weighted average effective interest rate %	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
2018							
Bank loans	9,0	4 813 *	2 075	3 300	687	(1 879)	8 996
Foreign loans	9,2	81	54			(8)	127
Other borrowings	8,3	506				(20)	486
Financial lease liability	11,5	2	1			(1)	2
Other non-interest bearing liabilities		3 540					3 540
Net settled derivatives		8					8
Total for Tongaat Hulett		8 950	2 130	3 300	687	(1 908)	13 159
Non-recourse equity-settled BEE borrowings		631				(28)	603
Total including SPV debt		9 581	2 130	3 300	687	(1 936)	13 762
2017							
Bank loans	9,4	3 165 *	1 984	3 110	775	(1 606)	7 428
Foreign loans	10,5		46	57		(12)	91
Other borrowings	8,8	531				(22)	509
Financial lease liability	11,5	1	1	1		(1)	2
Other non-interest bearing liabilities		3 045					3 045
Net settled derivatives		9					9
Total for Tongaat Hulett		6 751	2 031	3 168	775	(1 641)	11 084
Non-recourse equity-settled BEE borrowings		642				(19)	623
Total including SPV debt		7 393	2 031	3 168	775	(1 660)	11 707

* Comprises mainly ongoing short-term loans subject to 365-day notice, which has not been served and therefore unlikely to become due in the next year.

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT OPERATIONS (Rmillion)

Name	Principal activity	Interest of holding company: Equity 2018	Equity 2017	Indebtedness 2018	Indebtedness 2017
Tongaat Hulett Starch (Pty) Ltd	Wet maize milling, starch & glucose manufacturing operation	**15**	15	**45**	59
Tongaat Hulett Developments (Pty) Ltd Tongaat Hulett Estates (Pty) Ltd	Land & property development activities	**6**	6	**291**	(231)
Tongaat Hulett Sugar SA Limited Tambankulu Estates Limited (Swaziland) Tongaat Hulett Acucareira de Mocambique, SA (Mozambique) (85%) Tongaat Hulett Acucareira de Xinavane, SA (Mozambique) (88%) Tongaat Hulett Acucar Limitada (Mozambique) Triangle Sugar Corporation Limited (Zimbabwe) Triangle Limited (Zimbabwe) Hippo Valley Estates Limited (Zimbabwe) (50,3%) Tongaat Hulett (Botswana) (Pty) Limited (Botswana) (50,1%) Tongaat Hulett (Namibia) (Pty) Limited (Namibia) (51%)	Agriculture, raw sugar production, refining, packaging and production of liquid and dry speciality sugars	**5 396**	5 396	**286**	(90)
The Tongaat Group Limited		**54**	54	**(58)**	(59)
		5 471	5 471	**564**	(321)

Except where otherwise indicated, principal country of business is South Africa and effective participation is 100 percent.

A full list of all subsidiaries and joint operations is available from the company secretary on request.

Loans between companies within the group are unsecured with no fixed date for repayment.

Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of its joint operation, Effingham Development (33%) is included in the consolidated financial statements. The proportionate share of profit after tax for the year was R1 million (2017: R9 million). This joint operation is a property development partnership which operates in KwaZulu-Natal, South Africa.

Non-wholly owned subsidiary with material non-controlling interests: Hippo Valley Estates Limited (Zimbabwe)

Hippo Valley Estates Limited is listed on the Zimbabwe Stock Exchange. Its financial year end is 31 March. It is engaged in the growing and milling of sugarcane and other farming operations.

Summarised financial information as consolidated in Tongaat Hulett's financial statements:	Consolidated 2018	Consolidated 2017
Non-current assets	**2 688**	2 915
Current assets	**1 487**	1 466
Non-current liabilities	**(1 113)**	(1 195)
Current liabilities	**(344)**	(261)
Equity attributable to Tongaat Hulett	**(1 368)**	(1 472)
Non-controlling interests	**1 350**	1 453
Revenue	**1 781**	2 092
Profit attributable to Tongaat Hulett	**67**	48
Profit attributable to non-controlling interests	**65**	47
Profit for the year	**132**	95

Summarised financial information as consolidated in Tongaat Hulett's financial statements continued

	Consolidated	
	2018	2017
Other comprehensive (loss)/income attributable to Tongaat Hulett	**(171)**	(158)
Other comprehensive (loss)/income attributable to non-controlling interests	**(168)**	(156)
Other comprehensive (loss)/income for the year	**(339)**	(314)
Total comprehensive (loss)/income attributable to Tongaat Hulett	**(104)**	(110)
Total comprehensive (loss)/income attributable to non-controlling interests	**(103)**	(109)
Total comprehensive (loss)/income for the year	**(207)**	(219)
Net cash flow from operating activities	**332**	427
Net cash outflow from investing activities	**(329)**	(33)
Net cash flow from financing activities	**(29)**	(368)
Net cash (outflow)/inflow for the year	**(26)**	26

27. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Guarantees in respect of obligations of Tongaat Hulett and third parties	**91**	96	3	3

28. LEASES (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**2**	1	2	1
Later than one year and not later than five years	**1**	2	1	2
	3	3	3	3
Less future finance charges	**(1)**	(1)	(1)	(1)
Present value of lease obligations	**2**	2	2	2
Payable:				
Not later than one year	**1**	1	1	1
Later than one year and not later than five years	**1**	1	1	1
	2	2	2	2
Operating lease commitments, amounts due:				
Not later than one year	**43**	38	36	33
Later than one year and not later than five years	**16**	22	11	18
Later than five years	**1**		1	
	60	60	48	51
In respect of:				
Property	**38**	35	28	26
Vehicles and office equipment	**22**	25	20	25
	60	60	48	51

The operating leases relating to property are mainly in respect of sugar storage warehouses in South Africa with lease periods of up to one year.

The operating leases relating mainly to vehicles and office equipment are in respect of lease periods up to five years.

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Consolidated		Company	
	2018	2017	2018	2017
Contracted	**398**	104	67	38
Approved but not contracted	**240**	250	101	201
	638	354	168	239

These commitments relate to expenditure on property, plant, equipment and intangible assets. Funds to meet future capital expenditure will be provided from retained net cash flows and debt financing.

30. RELATED PARTY TRANSACTIONS (Rmillion)

During the year Tongaat Hulett, in the ordinary course of business, entered into various related party sales, purchases and investment transactions. These transactions occurred under terms that are no less favourable than those arranged with third parties. Intra-group transactions with subsidiaries as set out in note 26, are eliminated on consolidation.

	Consolidated		Company	
	2018	2017	2018	2017
Goods and services:				
Between the company and its subsidiaries			609	874
Administration fees and other income:				
Between the company and its subsidiaries			138	109
Transacted with/between joint operations within Tongaat Hulett	**1**	8		
Paid to insurance broker	**5**	6		
Interest received/paid:				
Paid by the company to its subsidiaries			66	60
Transacted with/between joint operations within Tongaat Hulett		2		
Sale/transfer of fixed assets and intangibles:				
Between the company and its subsidiaries			180	149
Loan balances:				
Between the company and its subsidiaries (note 26)			564	321
Pension Fund loan payable	**102**	93	102	93
Dividends:				
Between the company and its subsidiaries			707	1 024

Other related party information:

Total dividends paid - refer to note 24

Executive directors/key management personnel - refer to pages 85 to 86 and 91 to 92 of the Remuneration Report

Non-executive directors - refer to page 86 of the Remuneration Report

Tongaat Hulett Developments is a guarantor on Tongaat Hulett Limited's South African long-term unsecured loan facility - refer to note 14.

31. **RETIREMENT BENEFITS** (Rmillion)

Pension and Provident Fund Schemes

Tongaat Hulett contributes towards retirement benefits for substantially all permanent employees who, depending on preference or local legislation, are required to be members of either a Tongaat Hulett implemented scheme or of various designated industry or state schemes. The Tongaat Hulett schemes, which are predominantly defined contribution schemes, are governed by the relevant retirement fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of Tongaat Hulett. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

Defined Contribution Pension and Provident Schemes

The latest audited financial statements of the defined contribution schemes, including the scheme in Swaziland, reflect a satisfactory state of affairs. Contributions of R111 million were expensed during the year (2017: R106 million).

Defined Benefit Pension Scheme

A defined benefit scheme in South Africa which previously covered the old Tongaat-Hulett Group was split between Tongaat Hulett and Hulamin in 2012 and then in 2013 was converted to a Defined Contribution arrangement for in-service members and the pensioner liabilities were outsourced to an insurer.

Details of the IAS 19 valuation of the DB Fund (South Africa):	**2018**	2017
Fair value of fund assets		
Balance at beginning of year	**910**	845
Expected return on scheme assets	**72**	61
Settlements/conversion	**3**	4
Balance at end of year	**985**	910
Comprises:		
Employer surplus account (note 2)	**751**	689
Provisions and reserves	**234**	221
	985	910

31. RETIREMENT BENEFITS (Rmillion) continued

Post-Retirement Medical Aid Benefits

In the South African operations, the obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for these current employees is dependent upon the employee remaining in service until retirement. The Zimbabwe operations provide post-retirement medical benefits for pensioners and current employees. In Mozambique, Acucareira de Xinavane subsidises the medical contributions in respect of its pensioners.

The unfunded liability for post-retirement medical aid benefits is determined actuarially each year using the projected unit credit method and comprises:

	Consolidated		Company	
	2018	2017	2018	2017
Amounts recognised in the statements of financial position:				
Net liability at beginning of year	**576**	600	435	450
Actuarial loss/(gain) included in other comprehensive income:	**1**	(25)	(3)	(31)
From changes in financial assumptions		(26)		(26)
From changes in demographic assumptions	**1**	(10)		(12)
From changes in experience items during the year		11	(3)	7
Net expense recognised in income statement	**55**	57	43	46
Employer contributions	**(40)**	(38)	(33)	(30)
Currency alignment	**(16)**	(18)		
Net liability at end of year	**576**	576	442	435
Amounts recognised in profit or loss:				
Current service costs	**7**	9	3	4
Interest costs	**48**	48	40	42
	55	57	43	46
The principal actuarial assumptions applied are:				
Discount rate:				
South Africa	**8,80%**	9,60%	8,80%	9,60%
Mozambique	**7,99%**	8,60%		
Zimbabwe	**6,00%**	5,00%		
Healthcare cost inflation rate:				
South Africa	**7,35%**	8,15%	7,35%	8,15%
Mozambique	**6,61%**	7,31%		
Zimbabwe	**4,50%**	3,50%		
Sensitivity analysis (based on varying an individual input):				
On discount rate:				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(56)**	(57)	(39)	(38)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% decrease in trend rate - increase in the obligation	**68**	70	46	45
On healthcare cost inflation rate:				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**1**	2	1	1
1% increase in trend rate - increase in the obligation	**69**	70	46	46
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% decrease in trend rate - decrease in the obligation	**(57)**	(58)	(39)	(39)
Estimated contributions payable in the next financial year	**41**	40	34	32

	Consolidated		Company	
	2018	2017	2018	2017
Weighted average duration of the obligation:				
South Africa	**10,3 years**	10,5 years	10,3 years	10,5 years
Mozambique	**6,5 years**	6,4 years		
Zimbabwe	**16,4 years**	16,5 years		

Key risks associated with the post-retirement medical aid obligation:

Higher than expected inflation (to which medical cost/contribution increases are related).

"Real" future medical aid cost/contribution inflation (i.e. above price inflation) turns out higher than allowed for.

Members/pensioners changing medical aid plans to more expensive plans subject to maximum in terms of policy.

Longevity – pensioners (and their dependants) living longer than expected in retirement.

Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

Retirement Gratuities

Tongaat Hulett has in the past made payments, on retirement, to eligible employees who have remained in service until retirement, and have completed a minimum service period of ten years. The benefit is applicable to employees in the South African and Zimbabwean operations.

The unfunded liability for retirement gratuities is determined actuarially each year using the projected unit credit method and comprises:

	Consolidated		Company	
	2018	2017	2018	2017
Amounts recognised in the statements of financial position:				
Net liability at beginning of year	**208**	226	126	130
Actuarial loss/(gain) included in other comprehensive income:	**8**	(15)	1	(9)
From changes in financial assumptions		(8)		(8)
From changes in demographic assumptions		(2)		(2)
From changes in experience items during the year	**8**	(5)	1	1
Net expense recognised in income statement	**28**	29	19	20
Payments made by the employer	**(20)**	(22)	(11)	(15)
Currency alignment	**(9)**	(10)		
Net liability at end of year	**215**	208	135	126
Amounts recognised in profit or loss:				
Service costs	**12**	13	7	8
Interest costs	**16**	16	12	12
	28	29	19	20

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated 2018	Consolidated 2017	Company 2018	Company 2017
The principal actuarial assumptions applied are:				
Discount rate:				
South Africa	**8,80%**	9,60%	8,80%	9,60%
Zimbabwe	**6,00%**	5,00%		
Salary inflation rate:				
South Africa	**7,10%**	7,90%	7,10%	7,90%
Zimbabwe	**3,50%**	2,50%		
Sensitivity analysis (based on varying an individual input):				
On discount rate:				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(19)**	(19)	(12)	(11)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**1**	1	1	1
1% decrease in trend rate - increase in the obligation	**23**	22	14	13
On salary inflation rate:				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**4**	4	2	2
1% increase in trend rate - increase in the obligation	**23**	23	14	13
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(3)**	(3)	(2)	(2)
1% decrease in trend rate - decrease in the obligation	**(20)**	(20)	(12)	(12)
Estimated amounts payable in the next financial year	**22**	20	12	11
Weighted average duration of the obligation:				
South Africa	**10,5 years**	10,6 years	10,5 years	10,6 years
Zimbabwe	**10,6 years**	10,9 years		

Key risks associated with the retirement gratuity obligation:

Higher than expected inflation (to which salary increases are related).

"Real" salary increases (i.e. above price inflation) turn out higher than allowed for.

Large number of early retirements (normal or ill health) bringing forward gratuity payments.

Fewer exits prior to retirement than expected (i.e. more people reach retirement than allowed for in terms of current demographic assumptions).

Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

32. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

The information in respect of directors' and prescribed officers' emoluments and interests is included in the Remuneration Report as follows:

	Page
Executive directors' and prescribed officers' remuneration	85
Non-executive directors' remuneration	86
Declaration of full disclosure	86
Interest of directors of the company in share capital	86

33. EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards made in terms of the company's share incentive schemes comprising the Share Appreciation Right Scheme 2005, the Long Term Incentive Plans 2005 and the Deferred Bonus Plan 2005 are set out on pages 87 to 90 of the Remuneration Report and details of the interest of directors in share-based instruments are set out on pages 91 to 92.

34. BEE EMPLOYEE SHARE OWNERSHIP PLANS

The BEE employee transaction, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP), vested during the year ended 31 March 2013. The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted of two components namely a share appreciation right scheme and a share grant scheme.

The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. Tongaat Hulett Limited and its subsidiaries made contributions to the MSOP Trust and the ESOP Trust. Due to these shares having specific repurchase rights at maturity (five years from grant date), they were a separate class of restricted shares which, other than for the repurchase terms, ranked pari passu with ordinary shares and became ordinary shares at maturity of the scheme on 1 August 2012.

Employee Share Ownership Plan

The ESOP Trust has delivered to designated employees all the ordinary shares held in Tongaat Hulett that had been awarded to these employees, leaving a balance of 32 331 ordinary shares that are unallocated.

Management Share Ownership Plan

Grant date	Number of shares at 31 March 2017	Released including deaths in service	Awarded during 2017/18	Forfeited / adjustments	Balance time constrained 31 March 2018
1 June 2012	43 885	(43 884)		(1)	
1 July 2012	41 935	(41 934)		(1)	
1 November 2012	242 475	(239 377)		(3 098)	
7 January 2013	5 000	(5 000)			
1 March 2013	4 855	(4 855)			
1 August 2014	40 476			(1 906)	38 570
1 September 2014	1 928				1 928
1 September 2015	50 170			(4 572)	45 598
1 March 2017	52 789				52 789
22 September 2017			35 000		35 000
2 January 2018			35 000		35 000
Unallocated	133 235		(70 000)	9 578	72 813
	616 748	(335 050)			281 698

The fair value of the awards made during the year was the Tongaat Hulett closing share price on the Johannesburg Stock Exchange on grant date being R108,60 for the award of 22 September 2017 and R111,15 for the award of 2 January 2018.

35. SUBSEQUENT EVENTS

There were no material events between 31 March 2018 and the date of this report.

FIVE-YEAR REVIEW

FINANCIAL STATISTICS		2018	2017	2016	2015	2014
TRADING RESULTS (Rmillion)						
Revenue		**16 982**	17 915	16 676	16 155	15 716
Operating profit		**1 958**	2 333	1 669	2 089	2 374
Net financing costs		**(878)**	(810)	(680)	(617)	(609)
Profit before tax		**1 080**	1 523	989	1 472	1 765
Tax		**(249)**	(428)	(326)	(425)	(538)
Minority (non-controlling) interest		**(118)**	(112)	53	(58)	(72)
Net profit attributable to shareholders		**713**	983	716	989	1 155
Headline earnings attributable to shareholders		**617**	982	679	945	1 106
SOURCE OF CAPITAL (Rmillion)						
Shareholders' interest		**10 171**	10 781	13 273	11 889	10 562
Minority (non-controlling) interest		**1 838**	1 957	2 152	1 887	1 628
Equity		**12 009**	12 738	15 425	13 776	12 190
Deferred tax		**2 376**	2 537	2 864	2 491	2 131
Borrowings - long and short-term		**9 125**	7 521	6 978	5 660	5 387
Non-recourse equity-settled BEE borrowings		**603**	623	605	654	691
Provisions		**791**	784	826	743	696
Capital employed		**24 904**	24 203	26 698	23 324	21 095
EMPLOYMENT OF CAPITAL (Rmillion)						
Property, plant, equipment, investments and intangibles		**14 740**	14 464	17 091	15 449	14 237
Long-term receivables		**681**	619	564	518	485
Inventories, growing crops, receivables and derivative instruments		**11 032**	10 130	11 160	8 908	8 187
Cash and cash equivalents		**2 662**	2 741	1 877	1 668	1 067
Total assets		**29 115**	27 954	30 692	26 543	23 976
Current liabilities (excluding short-term borrowings)		**4 211**	3 751	3 994	3 219	2 881
		24 904	24 203	26 698	23 324	21 095
RATIOS AND STATISTICS						
EARNINGS						
Headline earnings per share (cents)		**534,8**	852,7	588,0	826,1	990,5
Dividends per share (cents)		**160,0**	300,0	230,0	380,0	360,0
Dividend cover (times)		**3,3**	2,8	2,6	2,2	2,8
PROFITABILITY						
Operating margin		**11,5%**	13,0%	10,0%	12,9%	15,1%
Return on capital employed		**9,4%**	10,5%	7,4%	10,3%	12,9%
FINANCE						
Debt to equity		**76,0%**	59,0%	45,2%	41,1%	44,2%
Net debt to equity		**53,8%**	37,5%	33,1%	29,0%	35,4%
SHARES						
Shares in issue (millions)	- issued	**135**	135	135	135	110
	- weighted	**115**	115	115	114	112
Market capitalisation	- Rmillion	**13 734**	16 627	14 111	18 173	12 501
Value of shares traded	- Rmillion	**6 655**	6 985	4 752	7 287	6 038
Share price (cents)	- balance sheet date	**10 165**	12 306	10 444	13 450	11 368
	- high	**12 488**	13 550	13 976	17 493	14 500
	- low	**9 820**	10 030	7 785	11 236	10 700
Volume of shares traded	- millions	**59**	57	43	48	49

DEFINITIONS

OPERATING PROFIT
Operating profit comprises results of operations, centrally accounted and consolidation items.

HEADLINE EARNINGS
Headline earnings are calculated in note 22, in accordance with the South African Institute of Chartered Accountants' Circular 2/2015: Headline Earnings.

HEADLINE EARNINGS PER SHARE
Headline earnings divided by the weighted average number of shares in issue.

OPERATING MARGIN
Operating profit expressed as a percentage of revenue.

RETURN ON CAPITAL EMPLOYED
Operating profit excluding exceptional items, expressed as a percentage of average capital employed, excluding capital work in progress and including cash as part of net debt.

DEBT TO EQUITY
Long and short-term borrowings divided by equity.

NET DEBT TO EQUITY
Long and short-term borrowings less cash and cash equivalents divided by equity.

CAPITAL EMPLOYED
Equity, minority interests, deferred tax, long and short-term borrowings and provisions.

TOTAL LIABILITIES
Long and short-term borrowings, provisions, trade and other payables and derivative liabilities.

SHARE OWNERSHIP ANALYSIS

as at 31 March 2018 | **Tongaat Hulett Limited**

Number of shareholders	**Spread**	**Shares held**	**% Held**
9 371	1 - 1 000 shares	2 502 229	1,85
1 757	1 001 - 10 000 shares	5 281 432	3,91
605	10 001 - 100 000 shares	20 172 836	14,93
158	100 001 - 1 000 000 shares	40 905 320	30,28
19	more than 1 000 000 shares	66 250 689	49,03
11 910	Total	135 112 506	100,00
	Category		
47	Banks	1 199 669	0,89
2	BEE TH Infrastructure and yoMoba SPVs	25 104 976	18,58
2	BEE Share Ownership Plans	314 029	0,23
74	Close Corporations	45 384	0,03
88	Endowment Funds	737 006	0,55
9 386	Individuals	6 858 329	5,08
80	Insurance Companies	5 995 675	4,44
27	Investment Companies	128 207	0,09
26	Medical Aid Funds	237 412	0,18
457	Mutual Funds	50 734 140	37,55
1 055	Nominees and Trusts	3 950 651	2,92
12	Other Corporations	239 283	0,18
436	Pension Funds	38 403 917	28,42
210	Private Companies	583 957	0,43
5	Public Companies	374 917	0,28
3	Share Schemes	204 954	0,15
11 910	Total	135 112 506	100,00
	Type of shareholder		
	Non-public		
2	Directors and associates of the company	567 954	0,42
4	BEE entities	25 419 005	18,81
3	Share Schemes	204 954	0,15
9	Total non-public	26 191 913	19,38
11 901	Public	108 920 593	80,62
11 910	Total	135 112 506	100,00
	Beneficial shareholdings over four percent		
	Public Investment Corporation (GEPF)	19 240 252	14,24
	BEE - TH Infrastructure SPV Proprietary Limited	13 947 209	10,32
	BEE - yoMoba SPV Proprietary Limited	11 157 767	8,26
	Allan Gray	8 505 830	6,30
	PSG Asset Management	8 044 585	5,95

CORPORATE INFORMATION

Tongaat Hulett Limited
Registration Number: 1892/000610/06
JSE Share Code: TON
ISIN: ZAE 000096541

Company Secretary
MAC Mahlari

Business and Postal Address
Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal
P O Box 3
Tongaat 4400

Telephone: +27 32 439 4019
Facsimile: +27 31 570 1055
Website: www.tongaat.com
E-mail: info@tongaat.com

Attorneys
Bowman Gilfillan
Cox Yeats
Garlicke & Bousfield
Shepstone & Wylie
Taback & Associates

Independent External Auditor
Deloitte & Touche

Internal Auditor
KPMG

Sponsor
Investec Bank Limited
100 Grayston Drive
Sandown
Sandton 2196

Securities Exchange Listings
South Africa (Primary):
JSE Limited
United Kingdom (Secondary):
London Stock Exchange

Transfer Secretaries
South Africa:
Computershare Investor Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
P O Box 61051
Marshalltown 2017

United Kingdom:
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

SHAREHOLDERS' DIARY

Financial year end		31 March
Annual general meeting		August
Reports and profit statements:		
Interim results		November
Annual results and final dividend declaration		May
Annual financial statements		June
Dividends:		
Interim	Declared	November
	Paid	February
Final	Declared	May
	Paid	June

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and twenty sixth (126th) annual general meeting of shareholders of the Company will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Wednesday 8 August 2018 at 09h00, to among other matters, consider and if deemed fit, to pass (with or without modification) the ordinary and special resolutions set out below.

The record date on which shareholders must be registered in the Company's securities register in order to attend, participate and vote at the annual general meeting is Friday, 3 August 2018. The last day to trade in order to attend, participate and vote at the annual general meeting is Tuesday, 31 July 2018.

Order of business

1. To receive and consider the annual financial statements of the Company for the year ended 31 March 2018, such annual financial statements having been approved by the Board as required by Section 30(3)(c) of the Companies Act 2008 ("the Act"), including the reports of the directors, the Risk, SHE, Social and Ethics Committee, the Audit and Compliance Committee and the auditors, which are presented to the shareholders in the integrated annual report. The 2018 Integrated Annual Report is available on the Company's website, www.tongaat.com.
2. As required by section 90(1) of the Act, and as recommended by the Audit and Compliance Committee, to re-appoint Deloitte & Touche as external auditors for the 2018/2019 financial year (with Mr G Kruger as individual designated auditor).
3. To re-elect each of MH Munro, TA Salomão and CB Sibisi, who retire by rotation in terms of article 61 of the memorandum of incorporation. Further, the memorandum of incorporation states that a director who has reached the mandatory retirement age of 70 is required to retire at the AGM and may be re-elected by shareholders for a specific term as determined by shareholders in a specific ordinary resolution. This applies to the Chairman of the Remuneration Committee, SG Pretorius, who turned 70 in 2018, and whose services, experience, knowledge, skills and wisdom the Company wishes to retain for a further period of up to two years. The directors are eligible and offer themselves for re-election. Motions for re-election will be moved individually. The Nomination Committee has assessed each of the retiring directors and the Board unanimously recommends their re-election. Details of each of these retiring directors are set out on pages 64 to 65 of the integrated annual report.
4. As required by section 94(2) of the Act, to elect the Audit and Compliance committee comprising of the following independent non-executive directors: J John (Chairman), SM Beesley, F Jakoet and RP Kupara. Motions for re-election will be moved individually. Details of each of these proposed committee members are set out on pages 64 to 65 of the integrated annual report.
5. To consider and, if deemed fit, to pass, with or without modification, the following resolutions:

SPECIAL RESOLUTIONS:

To adopt special resolutions, each resolution must be supported by at least 75% of the total number of votes which the shareholders or their proxies exercise at the meeting.

ORDINARY RESOLUTIONS:

Unless otherwise provided, to adopt ordinary resolutions, each resolution must be supported by more than 50 percent of the total number of votes which the shareholders or their proxies exercise at the meeting.

Special Resolution Number 1

GENERAL AUTHORITY TO PURCHASE SHARES IN THE COMPANY

"Resolved as a special resolution that the Company hereby approves, as a general approval contemplated in the JSE Listings Requirements, the acquisition by:

a. the Company of shares or other securities (collectively, "securities") issued by it on such terms and conditions and in such amounts as the directors of the Company may deem fit; and

b. any subsidiary of the Company of securities issued by the Company on such terms and conditions and in such amounts as the directors of any such subsidiary may deem fit;

provided that:

1. the aggregate number of ordinary shares acquired by the Company and its subsidiaries in any one financial year shall not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed;
2. such general approval:

2.1 shall be valid only until the next annual general meeting of the Company or the expiry of a period of 15 months from the date of adoption of this resolution, whichever occurs first, or until varied or revoked prior thereto by special resolution at any shareholders' meeting of the Company; and

2.2 is subject to compliance with the requirements of sections 46 and 48 of the Companies Act 2008;

3. such acquisitions may not be made at a price greater than ten percent above the weighted average of the market value for the securities on the JSE for the five business days immediately preceding the date on which the transaction for the acquisition is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period;
4. the acquisitions be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
5. the Company appoints, at any point in time, only one agent to effect any acquisition/s on the Company's behalf;
6. acquisitions will not be undertaken by the Company or its subsidiaries during a prohibited period, as defined by the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and have been submitted to the JSE in writing prior to the commencement of the prohibited period;
7. when the Company and/or its subsidiaries have cumulatively repurchased three percent of the initial number (the number of that class of securities in issue at the time that this general approval is granted) of the relevant class of securities, and for each three percent in aggregate of the initial number of that class acquired thereafter, an announcement must be made giving the details required in terms of the JSE Listings Requirements, in respect of such acquisitions;

8. before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of securities in terms of the foregoing general authority, will

8.1 authorise the general repurchase;

8.2 resolve that the Company has passed the solvency and liquidity test described in section 4 of the Act; and

9. this authority will be used if the directors consider that it is in the best interests of the Company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the Company at the relevant time."

The general information regarding the Company, referred to in paragraph 11.26(b) of the JSE Listings Requirements, is contained in the integrated annual report on the page references as follows:

a. major shareholders: page 142;

b. directors' responsibility statement: page 97; and

c. share capital: page 121.

There have been no material changes to this information since 31 March 2018. The Company is not a party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors collectively and individually accept full responsibility for the accuracy of the information given in the integrated annual report and certify that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution number 1 contains all the required information.

Reason and Effect:

In terms of the JSE Listings Requirements, a company may only make a general repurchase of securities if approved by shareholders in terms of a special resolution. The reason for special resolution number 1 is to provide a general authority for the Company and its subsidiaries to acquire securities issued by the Company in accordance with the provisions of the Act and the JSE Listings Requirements. If special resolution number 1 is passed, it will have the effect of authorising the Company or any of its subsidiaries to acquire any of the securities issued by the Company, which authority will last until the earlier of the next annual general meeting of the Company or the expiry of a period of 15 months from the date of adoption of this special resolution number 1.

Ordinary Resolution Number 1

"Resolved as an ordinary resolution that the directors be and are hereby authorised and empowered to do all such things and sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to the adopted resolutions proposed at this general meeting."

Ordinary Resolution Number 2

"Resolved as an ordinary resolution that the unissued shares in the capital of the Company be and are hereby placed under the control of the directors of the Company who are hereby authorised to allot and issue such shares at their discretion, including for scrip dividend distribution or capital funding optimisation if appropriate, upon such terms and conditions as they may determine, subject to the proviso that the aggregate number of shares to be allotted and issued in terms of this resolution shall be limited to five percent representing 6 755 625 of the number of the Company's shares in issue at 8 August 2018 and subject to the provisions of the Companies Act and the JSE Listings Requirements."

Ordinary Resolution Number 3

"Resolved as an ordinary resolution that subject to the passing of ordinary resolution number 2 and the approval of a 75 percent majority of the votes cast by shareholders present in person or represented by proxy at the annual general meeting at which this resolution is proposed, and the JSE Listings Requirements, the directors of the Company be and are hereby authorised and empowered to allot and issue for cash, without restriction, all or any of the unissued shares in the capital of the Company placed under their control in terms of ordinary resolution number 2 as they in their discretion may deem fit (including for the reasons explained in ordinary resolution number 2), provided that:

a. any such issue shall be to "public shareholders" as defined in the JSE Listings Requirements and not to "related parties";

b. this authority shall not extend beyond 15 months from the date of this annual general meeting;

c. a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, five percent or more of the number of ordinary shares of the Company's ordinary share capital in issue prior to such issues provided further that such issues shall not in any one financial year exceed five percent representing 6 755 625 shares of the Company's issued ordinary share capital; and

d. in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be ten percent of the weighted average traded price of the shares in question over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period."

Special Resolution Number 2

APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

"Resolved as a special resolution that the remuneration, as set out in the table below, to be paid to directors for their service as directors of the Company for the ensuing year, as recommended by the Remuneration Committee and the Board, subject to approval by the shareholders at the annual general meeting, be and is hereby approved."

Reason and Effect:

Special resolution number 2 is proposed to comply with the provisions of sections 66(8) and (9) of the Act which provide that the company may pay remuneration to its directors for their service as directors by special resolution.

If special resolution number 2 is passed, the Company will be authorised to pay its directors the remuneration specified in the table on the following page.

Non-binding advisory vote on remuneration policy

"Resolved to endorse, through a non-binding advisory vote, the Company's remuneration policy as set out in the Remuneration report contained on pages 76 to 82 of this integrated annual report."

Non-binding advisory vote on the Implementation Report

"Resolved to endorse, through a non-binding advisory vote, the Company's implementation report as set out in the Remuneration report contained on pages 83 to 92 of this integrated annual report".

Proposed Directors' Fees from 1 August 2018 to 2019 AGM

Type of fee	Existing annual fees		Proposed annual fees from August 2018 AGM to 2019 AGM	
	Annual fixed/retainer fee	Attendance fee per meeting	Annual fixed/retainer fee	Attendance fee per meeting
Tongaat Hulett Board:				
Chairman	830 469	110 728	880 297	117 372
Non-Executive Directors	235 146	31 352	249 255	33 234
Audit and Compliance Committee:				
Chairman	230 867	51 304	244 719	54 382
Non-Executive Directors	115 445	25 648	122 372	27 187
Remuneration Committee:				
Chairman	184 198	40 913	195 250	43 368
Non-Executive Directors	92 092	20 456	97 618	21 684
Risk, SHE, Social and Ethics Committee:				
Chairman	184 198	40 913	195 250	43 368
Non-Executive Directors	92 092	20 456	97 618	21 684

Any special committee meeting, if required, would earn the same fees as the Remuneration Committee or Risk, SHE, Social and Ethics Committee.

6. Other Matters.

To transact such other business as may be transacted at an annual general meeting.

Voting

Any shareholder who holds certificated ordinary shares in the Company or who holds dematerialised ordinary shares in the Company through a Central Securities Depository Participant (CSDP) and who has selected "own name" registration, may attend, speak and vote at the annual general meeting or may appoint any other person or persons (none of whom need be a shareholder) as a proxy or proxies, to attend, speak and vote at the annual general meeting in such shareholder's stead.

Should any shareholder who holds dematerialised ordinary shares in the Company and has not selected "own name" registration, wish to attend, speak and vote at the annual general meeting, such shareholder should timeously inform his CSDP or broker for the purposes of obtaining the necessary letter of representation from such shareholder's CSDP or broker to attend the annual general meeting or timeously provide such shareholder's CSDP or broker with such shareholder's voting instruction in order for the CSDP or broker to vote on such shareholder's behalf at the annual general meeting. A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the Company or dematerialised ordinary shares in the Company through a CSDP and who have selected "own name" registration. Such proxy form, duly completed, should be forwarded to reach the transfer secretaries of the Company by 15h00 on Monday 6 August 2018 for administrative purposes. Proxies to be delivered thereafter must be delivered by hand to the transfer secretaries on 8 August 2018 before the commencement of the annual general meeting, at the venue of the annual general meeting. The completion of a proxy form will not preclude a shareholder from attending the meeting.

A proxy need not be a shareholder of the Company. In terms of section 63(1) of the Act, before any person may attend or participate in the annual general meeting, that person must present reasonable satisfactory identification to the Chairman of the meeting, who must be reasonably satisfied that the person has the right to attend, participate in and vote at the meeting, either as a shareholder or as a proxy for a shareholder. Acceptable forms of identification include a valid identity document, passport or driver's license.

Electronic Participation by Shareholders

Should any shareholder (or any proxy for a shareholder) wish to participate in the annual general meeting by way of electronic participation, that shareholder should make application to the transfer secretaries, to arrange for the shareholder or its representatives or proxy to provide reasonably satisfactory identification to the transfer secretaries for purposes of section 63 (1) of the Companies Act, at their address below, for the attention of Peter Du Plooy, to be received by the transfer secretaries by no later than Friday 3 August 2018.

Shareholders willing to so participate must also provide a valid email address and contact number to the transfer secretaries. Voting will not be possible via the teleconference call and shareholders wishing to vote their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in this notice of annual general meeting.

Note that shareholders will be billed separately for the dial-in call by their telephone service providers. The Company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so.

By order of the Board

MAC Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2018

Transfer Secretaries:
Computershare Investor Services Pty Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
PO Box 61051
Marshalltown 2017

Tongaat Hulett

Registration Number 1892/000610/06 Share Code: TON ISIN: ZAE000096541

FORM OF PROXY FOR ANNUAL GENERAL MEETING

Note: All beneficial shareowners that have dematerialised their shares through a CSDP or broker, other than those which are in "own name", must NOT COMPLETE THIS FORM.

Instead, they must either provide the CSDP or broker with their voting instructions, or alternatively, should they wish to attend the meeting themselves, they may request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and the CSDP or broker.

A shareholder entitled to attend and vote at the meeting mentioned below is entitled to appoint a proxy to attend, speak and, on a poll, to vote in his stead. A proxy need not be a shareholder of the Company.

I/We ....

(Name in block letters)

of ....

(Address in block letters)

being the holder/holders of .... ordinary shares in Tongaat Hulett do hereby appoint

....

or failing him, Mr CB Sibisi or failing him, Mr PH Staude as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 09h00 on Wednesday 8 August 2018 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions.

Proposed resolution	For	Against	Abstain
Re-appointment of Deloitte & Touche as auditors (with Mr G Kruger as designated auditor)			
Re-election of directors:			
MH Munro			
TA Salomão			
CB Sibisi			
SG Pretorius			
Election of Audit and Compliance Committee until the next AGM:			
J John			
SM Beesley			
F Jakoet			
RP Kupara			
Special Resolution Number 1 authorising the repurchase of issued ordinary shares to a maximum of five percent in any financial year.			
Ordinary Resolution Number 1 authorising directors to give effect to all resolutions.			
Ordinary Resolution Number 2 authorising the placing of unissued share capital under the control of directors to a maximum of five percent of the issued share capital.			
Ordinary Resolution Number 3 authorising directors to issue for cash unissued shares in terms of Ordinary Resolution Number 2.			
Special Resolution Number 2 authorising the remuneration payable to directors for their service as directors of the Company.			
Non-binding advisory vote endorsing the Company's remuneration policy.			
Non-binding advisory vote endorsing the Company's implementation report.			

Signed this .... day of .... 2018 Signature ....

Completed forms of proxy should be returned to the office of the company's transfer secretaries at the address given below, to be received by 15h00 on Monday 6 August 2018 for administrative purposes. Proxies to be delivered thereafter must be delivered by hand to the transfer secretaries on 8 August 2018 before the commencement of the annual general meeting, at the venue of the annual general meeting.

South Africa: Computershare Investor Services Pty Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, 2196, (PO Box 61051, Marshalltown, 2107).

United Kingdom: Capita Registrars, PXS, 34 Beckenham, BR3 4TU.

Notes:

1. A shareholder's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A shareholder may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A shareholder who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the shareholder's votes exercisable at the annual general meeting.
2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the Company's share registrar or waived by the Chairman of the annual general meeting.
3. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrars of the Company.
5. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the Chairman of the annual general meeting is satisfied as to the manner in which the shareholder wishes to vote.

GLOSSARY OF TERMS

- Bagasse - Bagasse is a fibrous co-product of the sugar crushing process which can be used as an ingredient in the production of animal feeds, or burnt to generate electricity
- Bulk infrastructure - The large-scale roads, sewerage, water, electrical and drainage works necessary to enable a land holding to be converted from agricultural to other, higher value usage
- CDP - Previously Carbon Disclosure Project
- Developable hectares - The area of a land holding left over after deducting areas not available for development, such as very steep, geologically unstable or environmentally sensitive land. These hectares will carry both sites that can be sold as well as roads, parks and other amenities
- ESOP - Employee Share Ownership Plan
- Ethanol - Ethanol is pure alcohol, produced through the fermentation of sugar
- EU - European Union
- GHG emissions - Greenhouse gas emissions
- Glucose - Glucose is a simple sugar found in plants
- Land conversion - The activity, consciously and proactively undertaken by Tongaat Hulett, of moving appropriate components of its land holdings from an agricultural land use to other uses in order to create and realise value for a range of its stakeholders
- Land development - An activity within the land conversion process that includes the installation of services to a land holding, its establishment as a township and the sale of individual subdivisional stands, sometimes with a range of additional value-adding services provided to the buyer
- LTIs - Lost Time Injuries
- LTIFR - Lost Time Injury Frequency Rate
- Molasses - Molasses is a viscous co-product of the process of refining sugarcane
- MSOP - Management Share Ownership Plan
- Renewable energy - Renewable energy is as energy that comes from natural resources which are organically replenished, such as bagasse
- RSE - Raw Sugar Equivalent
- SACU - Southern African Customs Union, whose membership includes Botswana, Lesotho, Namibia, South Africa and Swaziland
- SADC - Southern African Development Community, whose membership includes 15 countries in Southern Africa
- SDG - The United Nations Sustainable Development Goals
- SED - Socio-economic Development
- Shovel-ready land - The status of an element of the land portfolio where environmental (EIA), zoning and subdivisional permissions are sufficiently advanced that it is assessed that, within a short space of time (generally around six months or less), physical work on both infrastructure and buildings could be commenced. A key consideration in the ability to realise optimum value from a particular land holding
- Sorbitol - Sorbitol is a sugar alcohol which is produced through the reduction of glucose
- FTSE/JSE Responsible Investment Index - Socially Responsible Investment index of the JSE Limited
- Sucrose - Sucrose is table sugar (or cane sugar or beet sugar)
- The Jobs Fund - A National Treasury initiative with the goal to address the challenge of unemployment in South Africa. It forms partnerships, through grant funding, with public, private and civil society organisations on projects that will significantly contribute to job creation
- US c/lb - US cents per pound

Tongaat Hulett

www.tongaat.com