TONGAAT HULETT LIMITED INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020

It's a new dawn, it's a new day,
it's the Tongaat Hulett way

ABOUT THIS REPORT

Tongaat Hulett endorses the principles of transparency and accountability as a basis for constructive engagement with all stakeholders. The 2020 annual reporting suite, which includes this Integrated Annual Report, forms Tongaat Hulett's primary communication to shareholders, investors and analysts, farmers, government authorities and regulators, local communities, customers, suppliers and service providers. Our analysis of the business' performance, transformation, risks, strategy and prospects, is intended to inform all stakeholders of the group's current status and future direction and to stimulate meaningful dialogue related to the group's impact on society.

The 2020 Integrated Annual Report covers relevant financial and non-financial aspects of all the operations of the group. Our turnaround and restructuring process has and will continue to impact on the company's structure and more details have been provided where appropriate. Other than these, there were no significant changes in the scope and boundary, or measurement methods applied in the report and there has been no restatements of prior year data. Where historical data has been adjusted in this report, the relevant numbers have been annotated and a brief explanation included at the bottom of the tables.

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 included a diverse group of 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 UN Sustainable Development Goals (SDGs) 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 and the Risk, Capital and Investment 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. Independent service providers provide external assurance on various elements of the Integrated Annual Report:

Audit and Compliance Committee	Social, Ethics, Health and Safty Committee

EXTERNAL ASSURANCE	
Annual Financial Statements	Deloitte & Touche
Review of internal controls and risk review	KPMG
B-BBEE contributor level	1st Verification Networx
Carbon emissions disclosure	Catalyst Solutions
Operational certification	Include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000.

NAVIGATION

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:

- 2020 Annual Financial Statements (www.tongaat.com/2020AFS.pdf)
- 2020 Sustainability report (www.tongaat.com/2020sustainability_report.pdf)
- Tongaat Hulett B-BBEE Compliance Certificate (www.tongaat.com/wp-content/uploads/2020/02/BEE-Compliance-Report-13-G.pdf)

Our capitals

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

Manufactured Capital Our plants, farms, and infrastructure utilised in production	Introduction Chief Executive's review Review of our operations
Financial Capital Shareholders' equity and debt funding	Chief Financial Officer's review Chief Executive's review Annual Financial Statements
Human Capital The skills and experience of our people	Human capital Social and Relationships Capital Sustainability report
Social and Relationship Capital Our relationships with the community, farmers, governments, suppliers and customers	Social and Relationships Capital Sustainability report
Intellectual Capital Our brands and trademarks, knowledge systems and experience	Intellectual Capital Sustainability report
Natural Capital The land, water, air, energy and waste utilised in the production process	Natural Capital Sustainability report

Our strategy

We adhere to a four-pronged strategy to achieve our objective of returning Tongaat Hulett to sustainable long-term value creation for all its stakeholders.

- **Rightsize and fix the fundamentals of our business**
- **Drive efficiencies within our business to truly leverage our asset base**
- **Create a platform for sustainable profitable growth**
- **Build capability in people and processes**

BOARD RESPONSIBILITY STATEMENT

The Board of Tongaat Hulett acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Board is of the opinion that the 2020 Integrated Annual Report addresses all material matters and offers a balanced view of the performance of the group and the impact on its stakeholders. This report was approved by the Board for release to shareholders on 19 August 2020.

L Von Zeuner (Chairman)	**JG Hudson** (Chief Executive Officer)	**RD Aitken** (Chief Financial Officer)
L de Beer	**RM Goetzsche**	**JJ Nel**
DL Marokane	**AH Sangqu**	

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2020 annual reporting suite, including the accessibility of the information provided and opportunities to expand and improve the company's future reporting.

Please contact: Corporate Communications, Tongaat Hulett,
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Email: investor.relations@tongaat.com
Telephone: +27 32 439 4365

CONTENTS

FURTHER DETAILS

available online

in this report

ABOUT TONGAAT HULETT

AN AFRICAN AGRI LEADER WITH AN UNPARALLELED FOOTPRINT

- A leader in the sugar, starch and glucose, ethanol, animal feeds and cattle markets
- One of the largest portfolios of premier commercial land in KwaZulu-Natal and South Africa

SUGAR

- **13** Production facilities
- **R15.3bn** FY2020 revenue
- **~45k** Hectares farmed
- **1.5m** Tons per annum in sugar production capacity
- **40m** Litres per annum in ethanol capacity
- **~400k** Tons per annum in animal feed capacity

PROPERTY

- **~11.7k** Hectares of prime commercial land
- **~R11bn** Indicative fair value of developable land
- **>R70bn** Economic development on land to date

STARCH

- **4** Plants
- **R4.3bn** FY2020 revenue
- **>850k** Tons of maize per annum processing capacity

A 128-year history with strong socio-economic legacy in SADC

OUR VISION is to be the most trusted partner in all that we do.

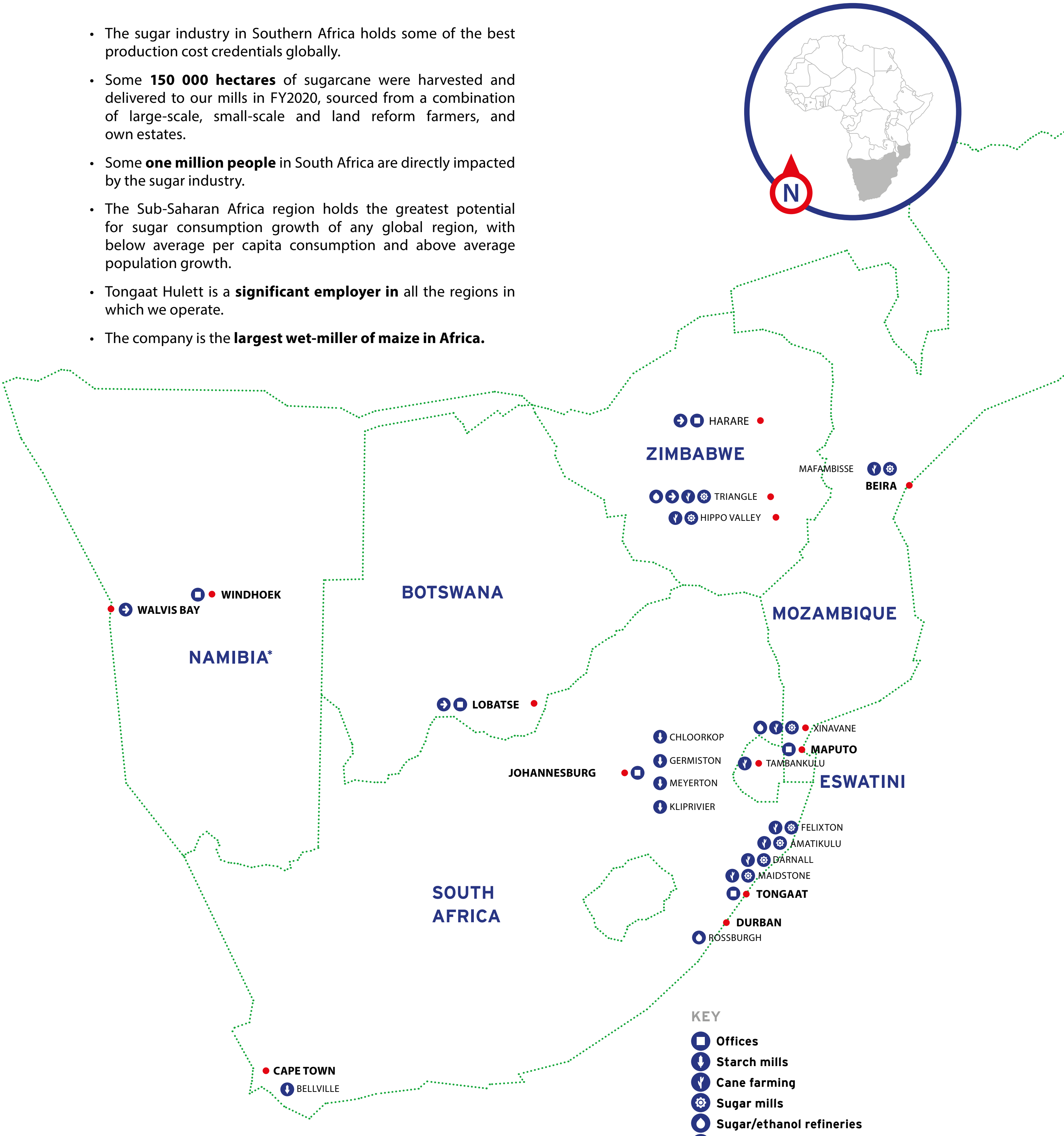
OUR MISSION is to build our future by creating sustainable value for all our stakeholders.

OUR VALUES

- We succeed through excellence and innovation
- We grow and win in teams
- We take accountability
- Integrity and ethics guide our way
- We care and do our best
- Safely home every day

GEOGRAPHIC FOOTPRINT

- The sugar industry in Southern Africa holds some of the best production cost credentials globally.
- Some **150 000 hectares** of sugarcane were harvested and delivered to our mills in FY2020, sourced from a combination of large-scale, small-scale and land reform farmers, and own estates.
- Some **one million people** in South Africa are directly impacted by the sugar industry.
- The Sub-Saharan Africa region holds the greatest potential for sugar consumption growth of any global region, with below average per capita consumption and above average population growth.
- Tongaat Hulett is a **significant employer in** all the regions in which we operate.
- The company is the **largest wet-miller of maize in Africa.**



* Tongaat Hulett sold its interests in Namibia and entered into a sale agreement for its starch and glucose operations in FY2020.
In June 2020, a sale agreement was entered into for the disposal of Tambankulu Estates, based in Eswatini.

HOW WE ADD VALUE

BUILDING A RELATIONSHIP WITH SOCIETY BASED ON SHARED VALUE AND PROSPERITY

Agriculture and agri-processing are fundamental elements of socio-economic development (SED) in Africa; particularly in the development of rural communities, farming activities, food security and water management, housing and land conversion to development as urban areas expand. This is also linked to the socio-political dynamics of the region. Tongaat Hulett actively plays its role in the nexus of these dynamics.

VALUING OUR EMPLOYEES

Tongaat Hulett views its staff complement as one of its key assets. We contribute to their well-being by providing:

- job security
- primary healthcare
- training, education and development
- housing

GROWING VALUE FOR PROVIDERS OF CAPITAL

- Attractive investment opportunities
- Good progress to date in turnaround strategy
- Solid growth prospects
- Strong governance

ACTING AS A RESPONSIBLE CORPORATE CITIZEN

- Quality and safety - adherence to NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000
- Rigorous and transparent corporate governance practices
- Responsible environmental practices and environmental education

Millions of people are directly impacted by the sugar industry in the SADC region

IMPLEMENTING CONTINUOUS INNOVATION

- Renewable energy alternatives
- Technologies with substantially reduced energy requirements
- Practical upliftment projects
- Developing tools and measures to educate small-scale farmers
- Continuous product innovation
- Alternative financing options for land development

ASSISTING GOVERNMENT AND SOCIETY

Tongaat Hulett forms collaborating relationships to:

- develop indigenous farmers in rural and economically deprived areas
- provide infrastructure
- attract fixed investment
- provide urban spatial integration
- strategic (transformation) partnerships projects

PROVIDING VALUABLE FOOD SOURCES AND TRUSTED QUALITY BRANDS

- Leading brands in all the regions in which we operate
- Providing essential ingredients to food manufacturers

SUPPORTING CITIZENS AND COMMUNITIES

Tongaat Hulett actively participates in communities to provide:

- rural development
- economic transformation
- food security
- infrastructure
- youth development
- primary healthcare

In terms of our turnaround strategy, we have in the past year:

- Worked to improve the safety of our workplaces, and deepened our relationships with stakeholders
- Enhanced our cash position and entered into a range of transactions to pay down debt
- Managed and brought down our cost base
- Improved our sugar production
- Grown our market share
- Appointed a strong leadership team and Board
- Strengthened governance and financial control
- Repositioned and revitalised assets
- Progressed transformation and empowerment
- Optimally improved and better positioned our human capital

We have made a promising start – much remains to be done!

Gavin Hudson CEO

PERFORMANCE OVERVIEW*

FINANCIAL CAPITAL

R19.656 billion
Revenue (2019: R17.069 billion)

R3.873 billion
Operating profit (2019: R1.207 billion)

R121 million
Headline profit (2019: R923 million loss)

R1.620 billion
Net finance costs (2019: R1.331 billion)

SOCIAL AND RELATIONSHIP CAPITAL

R87.9 million
invested in socio-economic development initiatives (2019: R197.8 million)

R51.5 million
invested in healthcare (2019: R84.6 million)

R6.2 million
invested in education (2019: R22.6 million)

R239 million
paid in taxes in our six countries of operation (2019: R408 million)

R12.393 billion
paid to suppliers (2019: R12.495 billion)

0.106 LTIFR (2019: 0.087 LTIFR)

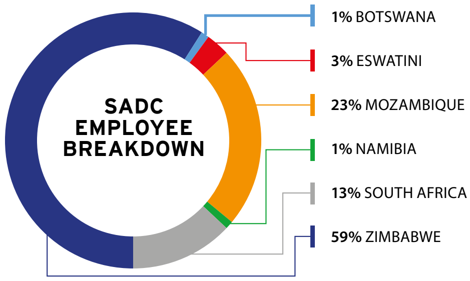
HUMAN CAPITAL

23 347 people employed
(2019: 33 567)

R2.522 billion total remuneration
(2019: R2.665 billion)

R34.8 million training spend
(2019: R59.7 million)

* Including discontinued operations



MANUFACTURED CAPITAL

1.25 million tons sugar produced
(2019: 1.28 million tons)

665 000 tons maize converted to starch and glucose (2019: 656 000 tons)

NATURAL CAPITAL

718 387 tons CO_2-e scope 1 carbon emissions (2019: 751 515 tons)

20% reduction in hazardous waste to 240 tons from 299 tons in 2019

0 significant environmental incidents reported (2019: 0)

675 396 MWh electricity consumed (2019: 911 981 MWh) of which 64% was self generated (2019: 47%)

INTELLECTUAL CAPITAL

14 registered patents

369 registered trademarks

89 domains

MARKET LEADING BRANDS

BUSINESS MODEL

As a partner of government and society, our philosophy is to contribute towards improving the prospects of a better life for many - making a substantial, positive impact on transformation, attracting fixed investments, urban spatial integration, supporting food security, youth development, infrastructure establishment and inclusive rural development.

OUR VISION, VALUES AND CODE OF ETHICS

STRONG OVERSIGHT AND EFFECTIVE GOVERNANCE

RESOURCES AND RELATIONSHIPS: PEOPLE | LAND | COMMUNITIES
ALLOCATED AND PRIORITISED ACCORDING TO KEY FOCUS AREAS:

BUSINESS PROCESSES AND INPUTS

Tongaat Hulett Starch	Tongaat Hulett Sugar	Tongaat Hulett Property
Fully utilising wet-milling and finishing capacity and market expansion	Diversify revenue streams, optimise operations and product portfolio and implement cost reductions	Implement new business model, sustainably maximising value from existing portfolio

PARTNERSHIPS, JOINT VENTURES AND TRANSFORMATION INITIATIVES

	MillCo | FarmCo	PropCo
Maize supplies	Sugarcane farming and supplies	Agricultural land identified for development

MILLING | PRODUCTION | DISTRIBUTION

CONVERSION ACTIVITIES

OUTPUTS

- Sugar products
- Starch products
- Animal feeds
- Co-products
- Renewable energy - electricity and ethanol
- Shovel ready land to partner with third parties in multiple market sectors

OUTCOMES

- Sustainable regional development
- Employment and economic activity
- Food security
- Rural development
- Transformation

OPERATING IN ENVIRONMENTS THAT PRESENT BOTH OPPORTUNITY AND RISK

- 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

- Equity and debt investors
- Joint venture participants
- Government authorities and regulators
- Society and communities
- Private farmers
- Employees
- Customers, suppliers and service providers

BUILD OUR FUTURE BY CREATING SUSTAINABLE VALUE FOR ALL OUR STAKEHOLDERS

For further details, refer to the Chief Executive's review on page 14

SHAREHOLDER PROPOSITION

WE OFFER A UNIQUE AND ATTRACTIVE INVESTMENT CASE AS A GROUP

A diversified African agriculture leader

The largest starch and glucose producer in Africa

A leading sugar producer in Southern Africa

Premier commercial property portfolio with meaningful embedded value

Profitability and growth driven by strategic initiatives

REASONS TO BELIEVE IN TONGAAT HULETT

- We are committed to doing the right things to turn this company around, with critical indicators moving in the right direction.
- The business has been stabilised and streamlined and we continue to rightsize for recovery and growth.
- We have improved our governance and reporting processes, and are rebuilding trust in Tongaat Hulett.
- We continue focusing on cash flow improvement and deleveraging our business.
- Our team is invigorated, committed and completely focused on the tasks at hand.
- Tongaat Hulett remains a high potential business with a significant asset base to support growth.

HOW WE PLAN TO WIN

- Rightsize and fix the fundamentals of our business
- Drive efficiencies within our business to truly leverage our asset base
- Create a platform for sustainable, profitable growth
- Build capability in our people and processes

BOARD OF DIRECTORS

Independent non-executive directors

L von Zeuner (59)
Independent
non-executive Chairman

Appointed:
10 December 2018

Bachelor of Economics,
Chartered Director (SA)

Louis currently serves as a non-executive director on the Boards of Transnet SOC Limited, Telkom SA SOC Limited, FirstRand Group Limited, First National Bank, and farming businesses Mahela (Pty) Ltd and Wilde Klaweri (Pty) Ltd. He is a member of Audit and Risk Committees on all the Boards on which he serves. Prior to this, he had a long and illustrious career at ABSA Group where he ultimately served as Deputy Group Chief Executive from 2009 – 2012. He also serves on the council of the University of Free State.

L de Beer (51)
Independent
non-executive director

Appointed:
1 October 2019

Chartered Director (SA),
CA (SA), MComm (Tax)

Linda serves as an independent non-executive director on a number of JSE listed Boards namely Aspen Holdings Limited, Omnia Limited and Momentum Metropolitan Holdings Limited. In addition, she chairs the Public Interest Oversight Board, that oversees the setting of international standards for auditors, based in Madrid.

Linda is a visiting professor at the University of Johannesburg.

RM Goetzsche (59)
Independent
non-executive director

Appointed:
1 October 2019

B Comm, EDP, AEP

Robin is an experienced former Chief Executive Officer of multi-beverage businesses, with 30 years' experience in SABMiller, initially in commercial roles then transitioning into Managing Director of the East African businesses. Until recently he served as a non-executive director of The Beverage Company, a number two player in the soft drink sector after the recent acquisition of SoftBev.

JJ Nel (48)
Independent
non-executive director

Appointed:
1 October 2019

B Acc (Hons), CA (SA)

Jean, previously Chief Executive Officer of Aquarius Platinum and of the platinum division of Sibanye-Stillwater, currently serves as a non-executive director of Mimosa Investments Ltd, Northam Platinum Ltd and DRD Gold Ltd. He co-owns and manages investments in a number of commercial property and hospitality assets and partnerships in South Africa, Namibia and the United Kingdom, and also serves on the Investment Committee and Board of a small focussed Specialist Mining Finance Fund.

AH Sangqu (53)
Independent
non-executive director

Appointed:
1 October 2019

B Compt (Hons CTA),
H Dip Tax Law, EDP, MBL,
AMP

Andile Sangqu is the Executive in Residence at GIBS in Johannesburg. His past experience includes roles as executive director on the Anglo American South Africa Board, group executive of sustainability and risk at Impala Platinum and executive director of Glencore Xstrata South Africa. He served on the Chamber of Mines' National Development Plan Committee and held executive and non-executive roles at Kagiso Trust Investments, was a director of Business Leadership SA and vice president of the Minerals Council South Africa. He is currently deputy Chairman of NEPAD Business Foundation and an independent non-executive director of PSG Consult.

Executive directors

JG Hudson (50)
Chief Executive Officer

Appointed:
1 February 2019

MBA

Gavin is an accomplished business executive with considerable experience in diverse and challenging markets within the alcoholic beverages industry. He was previously the Beer Group President and Chief Executive Officer of Anadolu Efes, a company listed on the Turkish stock exchange. Prior to this, Gavin served as the Managing Director of Anadolu Efes's beer businesses in Turkey and Russia and spent 26 years within SABMiller, holding senior roles, both in South Africa and internationally.

RD Aitken (38)
Chief Financial Officer

Appointed:
1 March 2019

BCom Accounting (Honours) (Cum Laude), CA (SA)

Rob is an experienced senior financial executive within Tongaat Hulett and was acting in the Chief Financial Officer role from August 2018 to February 2019. He is a qualified CA (SA) with 16 years' experience, 11 of which have been in the sugar industry and within an organisation previously listed on the JSE. He is well qualified and has the necessary experience and understanding to fulfil this role effectively.

DL Marokane (49)
Executive director

Appointed:
18 November 2019

BSc Chem Eng, MSc Pet Eng, DIC, MBA

Dan is a seasoned executive with over 20 years experience in the oil, gas and power industries in various operational and strategic leadership roles. He was previously the Chairman of Eskom Enterprises Board, and the Eskom Roshcon and Rotek Industries Board. He also served as a member of the UK High Commission Management Board in South Africa and is a member of the University of Johannesburg Engineering Advisory Board. He joined Tongaat Hulett as an executive in January 2018 and carried various responsibilities as the organisation embarked on the turnaround journey.

Incoming non-executive directors

DC Noko (63)
Independent non-executive director

Appointed:
1 July 2020

Dip Mech Eng, MBA, Postgraduate diploma in Company Directorship, SEP

David has held senior roles at General Electric Company-UK, Pepsi Cola International, SA Breweries, De Beers Group and he most recently held the position of Executive Vice President at AngloGold Ashanti until March 2019, one of the largest gold mining companies in Africa. He has served on the Boards of directors of several prominent companies including Royal Bafokeng Platinum Limited, Harmony Gold Mining Company Limited, AstraPak Ltd and Platistone Holdings (Pty) Ltd. He is a non-executive director at African Rainbow Minerals Limited and the Lead Advisor at his consultancy company, ESG Advisory Ltd. He is also the Deputy Chairman of the Council of the University of the Free State.

L Stephens (43)
Independent non-executive director

Appointed:
15 July 2020

CD (SA), CA(SA) BCom Accounting (Honours), B Bus SC

Louisa previously held senior roles at the National Empowerment Fund as a fund manager, and as a former investment banker at Rand Merchant Bank. She was also Chief Investment Officer of Circle Capital Ventures. She has served on the Boards of several prominent companies including African Bank Group, BAIC Automobile (South Africa) Proprietary Limited, Afgri Limited, South Oceans Holdings Limited and a member of the Fund Management Investment Committee of the National Empowerment Fund. She currently serves as a non-executive director at Multichoice Group Limited, Royal Bafokeng Platinum Limited and as the Lead Independent at the Institute of Directors in Southern Africa NPC.

CHAIRMAN'S STATEMENT

Dear shareholders and other stakeholders

Introduction

Tongaat Hulett has a proud heritage as a premier agriculture and agri-processing business, synonymous with the sugar industry in KwaZulu-Natal (KZN), and adjacent African countries. Tongaat Hulett's vision is to be the most trusted partner in all that it does and a valuable asset to the economies it serves. For most of its history, the group strived to achieve this vision. Then it misstepped, taking the group to the brink of financial disaster.

Our progress

The changeover in management and the establishment of the new Board, prompted a new focus of turning the business around. Tongaat Hulett was in poor financial shape, with a debt burden that is unsustainable. The turnaround plan was implemented within a challenging economic environment and was further exacerbated by a rapidly changing and less sugar-friendly regulatory dynamic. We were aware of the challenges that we inherited, but the opportunity to reposition the organisation as a prominent player in the Sub-Saharan African agricultural space and to recover value for our shareholders, became the driving force for the new Board and management team.

Our focus this year has been to reset the group on its journey - to return to profitability, repay funders, contribute to SED, earn the pride of our employees and compensate our shareholders for their continued support.

And in so doing, start to regain their trust.

The group's elevated debt levels required tough decisions, in terms of both assets and our people, to allow the business the opportunity to recover. Within this context, it is particularly encouraging to note that our staff have remained loyal and have stepped up to the challenge of reviving the business. I am grateful for the willingness of our management team and Board to offer their attributes and expertise to Tongaat Hulett at this juncture.

We are cognisant that our shareholders and funders are primary role participants in our turnaround strategy and that an innate conflict exists between those who have lost value and those who carry the risk. It is our responsibility to strike the balance of fairness to both groups, allowing each group a fair chance of having their interests addressed. Our appreciation goes to both stakeholders for their cooperation. We are acutely aware that we need your support to be successful.

COVID-19

The COVID-19 pandemic and its ensuing fallout presents one of the most testing periods for decades. Its impact on our health, safety and the global economy continues to escalate.

Our comprehensive operational response to the COVID-19 pandemic is detailed in the Chief Executive Officer's report.

I do however wish to record my special thanks to our executives and employees, for their immediate and coordinated response to the crisis, acting with agility and care for colleagues and our surrounding communities. We saw the heart of the Tongaat Hulett people and a set of inspiring values in the way that they contributed. The quality of our assets, our people and on the balance sheet, gives me comfort for the task that lies ahead.

Financial performance

The Board congratulates the management and staff on these commendable financial results, which demonstrate good progress with the implementation of a variety of strategic initiatives. It also signifies an important step towards cementing the future sustainable development of the group.

Strengthening our governance

Tongaat Hulett's vision, strategy, structures and processes are built on sound administration and governance, correcting the wrongs of the past and shaping the organisation for the future. This conviction gave us the opportunity to baseline our approach to governance and convey a message that all our actions must be right, must be legal and must be ethical. With this in mind, we have capacitated the group with particular focus on governance and compliance, not only through a new Board and executive management, but also with a new Company Secretary and legal counsel, chief risk officer, chief information officer, human resources executive as well as a different approach to internal audit. We have aligned Board Committee and exco structures to create three levels of assurance with clear lines of accountability, and have built measurements and tools to monitor, control and oversee operations. We have also now appointed David Noko and Louisa Stephens as independent non-executive directors. We welcome them and look forward to their contribution to the Board.

For more details on the changes to the Board and Company Secretary, please refer to the Governance report from page 62.

Our approach to addressing the forensic report has been to systematically identify problems and to correct them. We have also engaged and cooperated with the JSE Limited, the Financial Sector Conduct Authority, SAICA, IRBA, and others that oversee the maintenance of good corporate governance. A key commitment has been that the group would make those responsible for mismanagement, accountable. Criminal cases against former executives and senior managers have been opened, both in South Africa and in Zimbabwe, as well as a civil claim against former executives in South Africa.

While pressure remains to continue to track governance issues that need to be corrected and embedded in the organisation, the events of COVID-19 are demanding that even the best-governed and best-lead organisations now prioritise a review of their business model and value contribution against new realities. This will be a key focus for Tongaat Hulett in 2021.

Culture is not built in a day. To give substance to the ethos of this group, we are entrenching desired behaviours, leading from the front and celebrating behaviours that demonstrate the right values. Our next effort lies in rewarding differently to incentivise preferred outcomes. We have laid a sound foundation in the past year on which we will continue to build.

Sustainable development

We invite you to refer to Tongaat Hulett's 2020 Sustainability Report available on our website, for more information on the wide range of socio-economic initiatives the group is involved in across all the countries of operation.

Tongaat Hulett has a strong track record of actively contributing to building a more prosperous society.

The events of the previous year have regrettably triggered the collapse of the Tongaat Hulett B-BBEE structure. The group remains committed to its transformation agenda and is actively looking at alternative ways to make a meaningful impact. Our goal is to reinstate the B-BBEE position of the group in the foreseeable future. All four of the partnerships envisaged in the restructuring strategy emphasise a strong transformational impact. We have set ourselves appropriate targets to make visible progress in the makeup of our people, leadership, shareholders and those actively involved in Tongaat Hulett.

Sugar Industry Master Plan

The group participated in rigorous engagement with government in respect of the Sugar Industry Master Plan. We are now heading to implementation. We strongly support the plan and appreciate Government's involvement and commitment to work with the industry on its challenges.

Tongaat Hulett Sugar South Africa is delighted to be part of the Proudly South African "buy local" movement.

Focus areas for 2021

I am particularly encouraged by the excellent progress in each of the operations, especially given low economic growth and an emerging pandemic crisis of historic proportions. Despite this, we remain mindful that Tongaat Hulett is still an organisation under immense pressure and that stakeholders require very clear deliverables from the group.

Our focus for next year includes:

- Reducing the debt according to the agreements made.
- Ensuring the sustainability of the sugar business through low-cost production and diversification.
- Delivering the PropCo and MillCo partnerships to raise capital, provide diversified income streams and promote transformation.
- Becoming an employer of choice again.
- Investing in technology and mapping its role to drive efficiencies in our business.
- Reinstating the role that we play in the broader community.
- Establishing an organisation in which investors will want to invest.

The Board believes that the underlying fundamentals of the business remain excellent and that the group is in a much stronger position than it was a year ago.

IN LOOKING TOWARDS THE FUTURE, WE BELIEVE THAT:

We are a sustainable business with significant upside opportunity.

We have sought after and valuable assets, as well as good performing businesses.

We have the right strategy at the right time, with human capital fit for purpose.

We are a culturally changed business with 128 years of heritage to protect.

We learnt from the past and have the courage to succeed.

Appreciation

I would like to extend sincere appreciation to the Tongaat Hulett executive team, the management teams and employees for assisting the group to return to a trusted and profitable organisation. The depth of skills and experience across the group has proven invaluable in this process and in the response to the pandemic. Special mention must go to Gavin Hudson, the CEO, who took on this job a year ago, only partially knowing of the challenges. His commitment and the way in which he has operated through lockdown really is in a class of its own. I believe that what the new management team has achieved is exceptional. We are grateful and extremely proud of our Tongaat Hulett family.

We also acknowledge the contribution to our business of Deloitte as auditors, PwC as advisors, and KPMG with their assistance on internal audit.

Thank you to my fellow Board members for putting their effort and skill behind the turnaround of Tongaat Hulett. Finally, to our shareholders, forum of bankers and customers, thank you for your continued support and interest in our group.

We look forward to what 2021 may bring.

Louis von Zeuner
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

INTRODUCTION

For most of Tongaat Hulett's 128-year history, it remained a substantial business with strong assets, earning the group the goodwill of our communities, shareholders, and stakeholders.

It is because of this strong heritage that the financial mismanagement uncovered in early 2019 was so devastating for Tongaat Hulett, affecting every aspect of our business. The new management team and Board acted quickly and decisively in a short space of time to safeguard the livelihoods of our 30 000 people, and to limit the financial exposure of shareholders and funders. To get Tongaat Hulett back to operating efficiently, strategically and profitably, nothing short of a fundamental restructuring of the business was required and was executed.

At the same time, dealing with the fallout of the financial scandal also allowed us not only to refresh the resources required to implement our turnaround but to relook our policies, procedures and processes. In addition to resolving urgent financial challenges, the group has reviewed its approach to managing risk, safety, transformation and every aspect of governance. We have emerged as a better managed, better controlled and more resilient business with a healthier culture.

After a significant amount of hard work, we are pleased to report that our strategy to turn Tongaat Hulett into a low-cost sugar producer and a leading agri-business in Africa is starting to manifest in our financial results. More remains to be done and we remain fully committed to achieving our goals.

SAFETY

It is with deep sadness that we note the fatality of Cosmas Kuchigu, from our Triangle operation in Zimbabwe, who succumbed to injuries sustained in a motor vehicle accident on 14 May 2019. He was a passenger in a company vehicle that was rear ended by a third-party truck. Tongaat Hulett is committed to getting all its employees home safely every day. The business continues to place a high priority on the consistent application of protocols necessary to ensure the safety of our employees at all operations.

COVID-19

The COVID-19 pandemic has added significant challenges to already tough economic conditions in South Africa. Many companies are facing reduced revenue, retrenchments and restructuring. The work that we have done to restructure Tongaat Hulett has allowed us to enter COVID-19 as a leaner, fit-for-purpose organisation better able to weather the pandemic.

As a designated essential service, we have been running the food-producing units of our sugar and starch businesses across all geographic locations from the beginning of lockdown. Our priorities remain the safety and health of our people, providing food security, and alleviating hardship in our communities where we can. We have invested significantly to support relevant affected employees and communities.

The financial impact on our sugar operations to date has fortunately been limited. In our starch operation, the impact of a reduction in demand by the alcoholic beverages sector, under the different stages of the lockdown, is still to show its full impact on business performance. Property transfers were initially delayed, but the deeds offices have since reopened, facilitating land development and intermittent property transfers.

We remain firmly focused as the impact of the pandemic on our operations and society unfolds.

FINANCIAL RESULTS

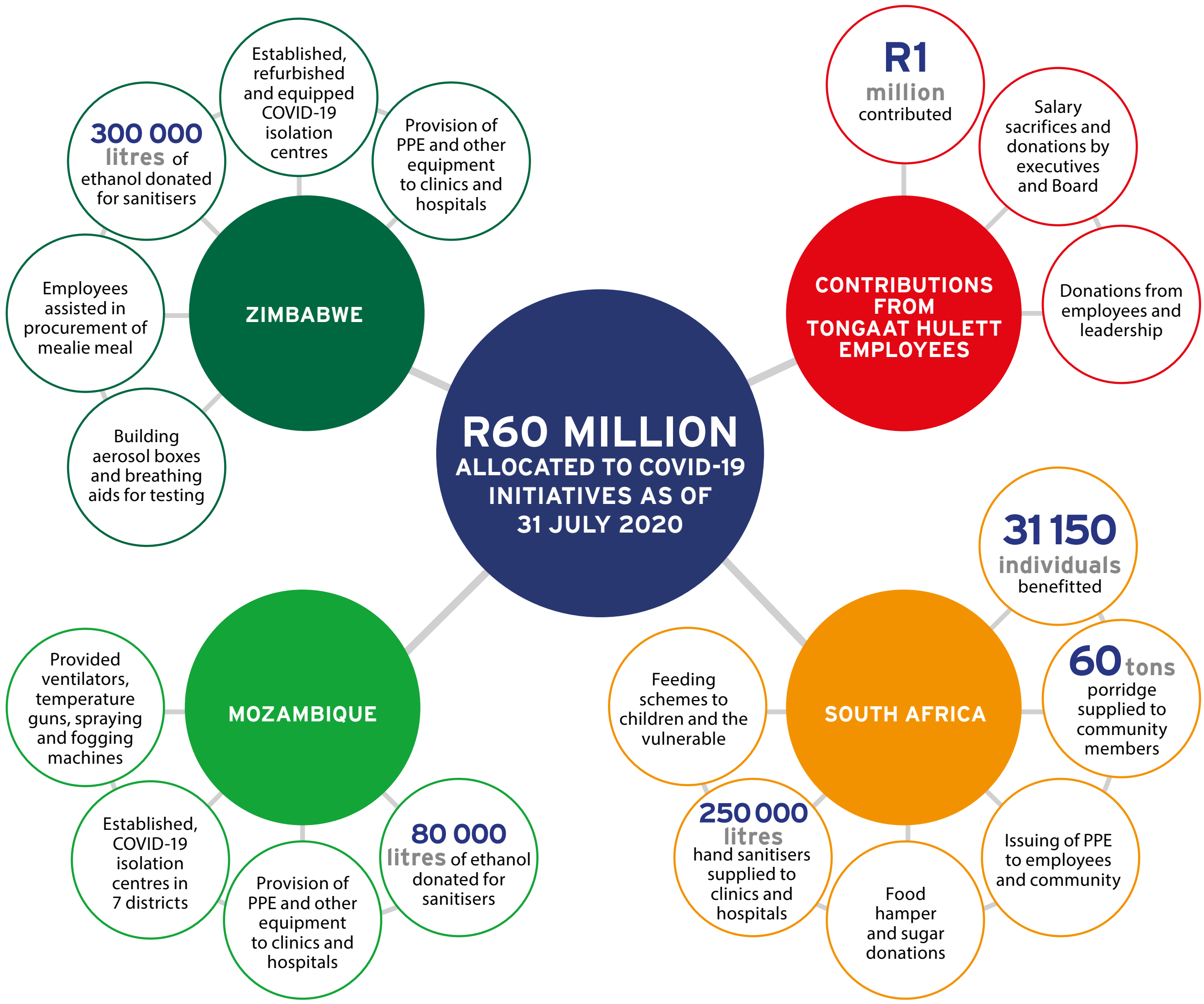
Given the challenges we have faced, we are exceptionally proud of the financial results for the 2020 financial year.

Some of the highlights in our results from continuing operations are:

- 18% growth in revenue to R15.4 billion and 491% growth in operating profit to R3.3 billion.
- Operating profit excluding Zimbabwe operations increased from a loss of R650 million in 2019 to a R350 million profit in 2020.
- Mozambican operations made a convincing return to profitability
- Operating loss in the South African sugar operations was substantially reduced.
- The starch and glucose business continued to deliver strong cash flows
- Property finalised two large land sales and concluded new land deals worth R144 million.
- We generated positive cash flow for the year.

More information is available in the Chief Financial Officer's report.

COVID-19 INITIATIVES IN PARTNERSHIP WITH GOVERNMENT



On average, more than 20 000 employees are being screened for COVID-19 every day.

For more information on our COVID-19 community initiatives, please refer to our Sustainability report on our website.

STRATEGIC POSITIONING AND SUCCESS DRIVERS

OUR AIM

Our sustainable development initiatives and processes are aligned to Tongaat Hulett's new strategy and values and will play an integral part in achieving our vision and mission.

Focused on our vision and mission

- **Vision:** To be the most trusted partner in all that we do
- **Mission:** Build our future by creating sustainable value for all our stakeholders

Supported by our core values

- We succeed through excellence and innovation
- We grow and win in teams
- We take accountability
- Integrity and ethics guide our way
- We care and do our best
- Safely home every day

With a strategy to deliver

Rightsize and fix the fundamentals of our business

- Resource and headcount optimisation
- Working capital improvement
- Improve plant utilisation
- Reduce waste
- Zero-based budgeting
- Health and safety
- Plant reliability
- Debt reduction plan

Drive efficiencies within our business to truly leverage our asset base

- Infrastructure optimisation
- Crop yield improvements
- Embedding strategic sourcing
- Value chain and logistic optimisation
- Industry effectiveness
- Low-cost producer
- Leverage land portfolio

Create a platform for sustainable profitable growth

- Consumer/brand-led
- Capital deployment and return on invested capital
- Stakeholder relationships
- Revenue growth management
- Innovation and diversification
- Transformation
- Cash flow focus
- Feedstock expansion

Build capability in our people and processes

- Fit for purpose and diverse teams
- Value-driven organisation
- Systems utilisation
- Processes focus
- Governance
- Integrated talent management processes and bench strength
- Employee value proposition
- High performance culture

A balanced approach to sustainability management

WHAT WE HAVE ACHIEVED OVER THE PAST YEAR

ENHANCED OUR CASH POSITION AND ENTERED INTO TRANSACTIONS TO PAY DOWN DEBT

- Paid down 60% of a US$ loan in Zimbabwe by improving our export proceeds
- Moved all our creditors from less than 30 days to 63 days
- Signed transactions in excess of R6 billion in terms of meeting debt reduction milestones (Starch MAC pending)
- Cash flow management
- Working capital improvements

MANAGED AND BROUGHT DOWN OUR COST BASE

- Deepened strategic sourcing in our business
- Reduced our office footprint
- Rightsized our structures and reduced our headcount by 10 140 people
- Optimised our route to market in sugar

IMPROVED OUR SUGAR PRODUCTION

- Crushed one of the largest South African sugar crops in many years
- Successfully ramped up the Xinavane refinery in Mozambique
- Improved refining and ethanol production by 11% and 30% respectively in Zimbabwe

GROWN OUR MARKET SHARE

- Increased sales in white sugar, with our South African, white sugar market share above 35% and an overall sugar market share of >27%
- Local sales in Mozambique increased by 24%
- Relaunched our packaging in our South African sugar operation
- Became a member of Proudly South African

REPOSITIONED AND REVITALISED OUR ASSETS

- Turned Mozambique from a R471 million loss operation to R124 million profit
- Optimised our farming operations in South Africa
- Improved performance by South African sugar operation, significantly reducing operating loss despite once-off costs
- Diversification projects well advanced (ethanol, bio-plastics, power generation, etc.)

PROGRESSED TRANSFORMATION AND EMPOWERMENT

- Created the biggest empowerment sugarcane farming enterprise in South Africa
- Began the biggest farming initiative in Zimbabwe since independence

STRENGTHENED GOVERNANCE AND FINANCIAL CONTROL

- Adopted zero-based budgeting across our organisation
- Increased governance oversight and financial control, with a new Board and Board Committees and significant improvements in financial discipline
- The Exco and the Board approved a three-year business strategy and we have cascaded our goals throughout the organisation
- Significant progress made with the implementation of new systems and improved management reporting across every aspect of our business

OPTIMALLY IMPROVED AND BETTER POSITIONED OUR HUMAN CAPITAL

- Employed specific skills to improve our bench strength
- Implemented performance management across our business
- Brought in capability in sales, logistics and route to market

DEEPENED OUR RELATIONSHIPS WITH STAKEHOLDERS

- Improved our communication both internally and externally
- Working very closely with Government in the geographies in which we operate

STRATEGY EXECUTION

We remain firmly focused on improving cash flow and working capital as well as deleveraging our business. In the past year, we initiated Project Crystal, a critical initiative designed to improve the group's cash flow by R3 billion over a two-year period. We achieved R1.57 billion in the first year, establishing a strong footing to reach our overall target next year. The implementation of strategic sourcing initiatives have already saved around R200 million. To further reduce debt, we exited non-profitable businesses, took the decision to dispose of several non-core assets, as well as core businesses where it made sense.

In our sugar operations, critical indicators in production, efficiencies and costs are moving in the right direction. Diversification will enable us to make steady progress towards achieving the long-term sustainability of our sugar business. Our property business has been stabilised and is focused on the completion of legacy obligations to enable the closure of open transactions and related cash collections. Good progress is being made on establishing a separate entity with other co-investors for our property portfolio to set this business along a path of sustainable earnings.

STARCH BUSINESS TRANSACTION

Tongaat Hulett's starch business is a non-cyclical, cash-generative business with a blue-chip client base, and it therefore made sense for us to initiate the sale of this business to reduce debt. The sale of the starch business for R5.35 billion to KLL Group Proprietary Limited, a wholly owned subsidiary of Barloworld Limited, was announced in February 2020. In April 2020, Barloworld informed the group that they believed the COVID-19 pandemic had triggered a material adverse change (MAC) event, which Tongaat Hulett has disputed. We continue working on closing the starch transaction in parallel with the MAC dispute, which has been referred to Rothschild and Co South Africa, an independent third-party, for review. A determination is anticipated by 21 September 2020. We remain optimistic about the outcome.

Fortunately, our excellent assets provide us with choices, and should it be necessary, we will consider other options for addressing the debt repayment. We are also well advanced with four strategic business partnerships to raise cash and step-change the company's transformation initiatives.

TRANSFORMATION INITIATIVES

Tongaat Hulett has a long history of SED in Africa and continues to explore ways to make a meaningful impact in the societies within which it operates. All four of the business partnerships envisaged in the restructuring strategy have placed strong emphasis on maximising their transformational impact, while improving the group's financial sustainability.

FarmCo
Uzinzo and other third-parties farm some of Tongaat Hulett's land as we optimise our direct farming activites in South Africa.

PropCo
A special purpose property vehicle created to facilitate investment partnership opportunities to deliver a stable and sustainable long-term earnings platform.

MillCo
A strongly empowered sugar business that mills, refines and sells sugar and associated products, with equity held by sugar cane farmers and others.

Project Kilimanjaro
A farming project with the Zimbabwean government to develop 4 000 hectares of new land for sugarcane farming, for the benefit of 200 indigenous farmers.

For more information refer to the Sugar Operations Report from page 32 and our Sustainability Report on our website.

OUTLOOK

Tongaat Hulett today is a far cry from the business that this management team and Board of directors inherited. We have closely re-examined and repositioned every aspect of the business. We are seeing early successes in our cash flows, our volumes and our cultural change. We have strong businesses in multiple countries across Africa. Our people are our pride, and they have shown their resilience in successfully navigating this major challenge, within a continuing economic downturn.

The strong momentum gained in the turnaround of our sugar operations is expected to accelerate. Margins in the starch business will continue to expand. While sales in the property market are expected to be depressed, the ongoing interest in our property portfolio is encouraging.

We will continue to work on finalising the various asset disposals announced earlier this year. Together with efficiency improvements and cost reductions, these disposals should have a positive impact on debt reduction, and the decline in the South African and Mozambican interest rate since the beginning of 2020 will further reduce the cost of debt. We will also continue with our ongoing efforts to improve our carbon footprint.

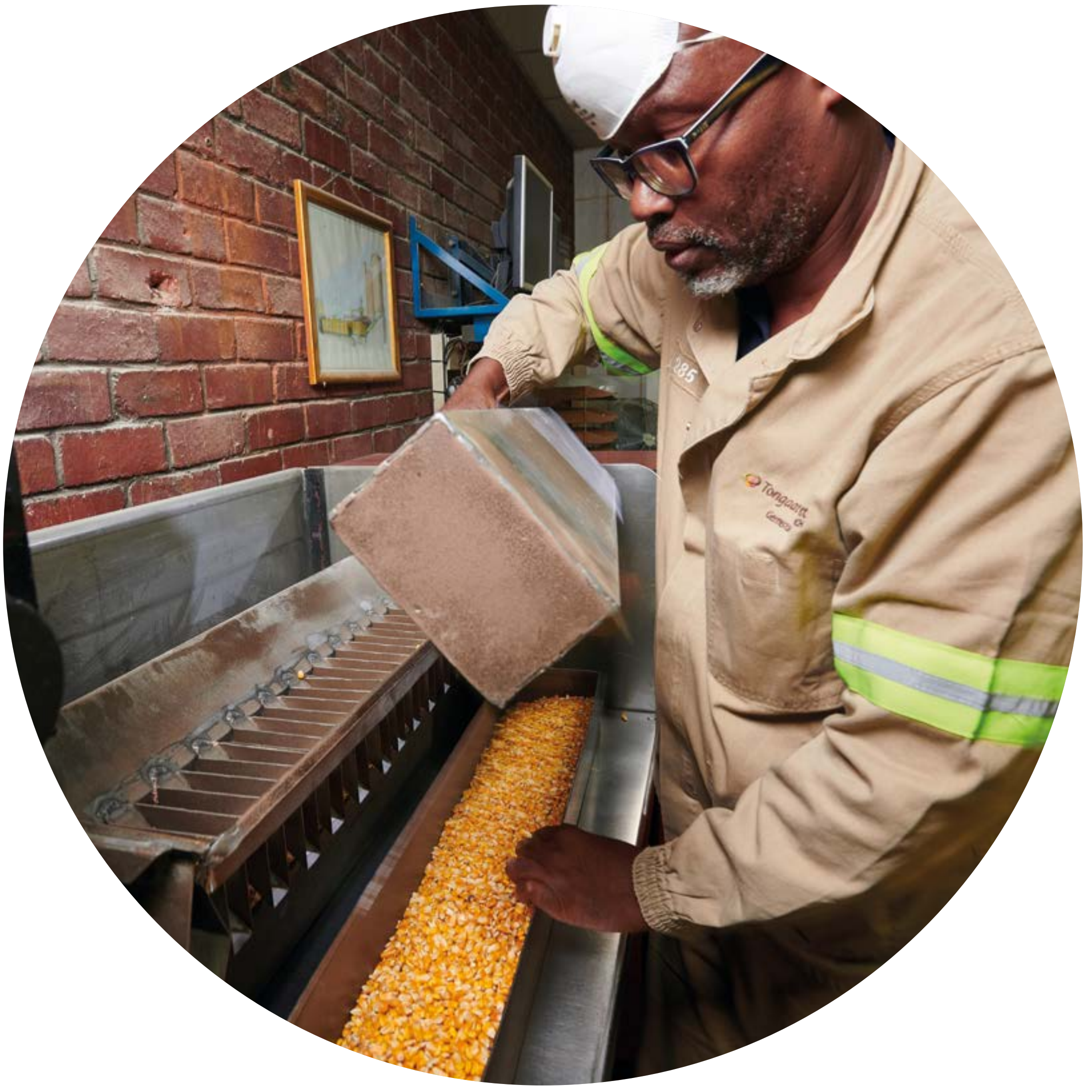
Tongaat Hulett is a high potential business with a significant asset base. We have the right strategy in place and are making good progress in execution. We will continue to prioritise and focus on employee equity and transformation. Our team is invigorated, committed and completely focused on re-establishing sustainable growth for the group.

APPRECIATION

In the past year, we rescued Tongaat Hulett from the brink of catastrophe through the tremendous effort, commitment and support from our Board, management teams, shareholders and funders, regulators, suppliers, and customers. Our people have been exceptionally resilient. Thank you to everyone who contributed to this worthwhile undertaking.

We are enormously proud of our company, and where we now find ourselves. We look forward to continued success in 2021.

Gavin Hudson
Chief Executive Officer



CHIEF FINANCIAL OFFICER'S REPORT

Tongaat Hulett's starch and glucose operation was classified as a discontinued operation in this period pending finalisation of the disposal. All financial results reflect the continuing operations, unless stated otherwise.

SALIENT FEATURES

GROUP FINANCIAL RESULTS (INCLUDING THE DISCONTINUED STARCH AND GLUCOSE OPERATION)

Basic earnings per share improved by
109% to 89 cents
(2019: loss of 948 cents)

Headline earnings per share improved by
111% to 90 cents
(2019: loss of 823 cents)

GROUP RESULTS FROM CONTINUING OPERATIONS

Revenue up
18% to R15.4 billion
(2019: R13.1 billion)

OPERATING PROFIT UP
491% TO R3.3 billion
(2019: R551 million)

Operations outside of Zimbabwe contributed
R1.0 billion
to the turnaround in profitability

Adjusted EBITDA* up
397% to R3.0 billion
(2019: R606 million)

Hyperinflationary monetary loss of
R1.3 billion

Basic loss for the year improved by
81% to R286 million
(2019: loss of R1.5 billion)

Basic loss per share improved by
84% to 212 cents
(2019: loss of 1 352 cents)

Headline loss for the year improved by
79% to R285 million
(2019: loss of R1.4 billion)

Headline loss per share improved by
83% to 211 cents
(2019: loss of 1 226 cents)

Cash flow from operating activities increased by
62% to R2.1 billion
(2019: R1.3 billion)

No dividend was declared in the current year (2019: nil)

*Adjusted EBITDA is defined as profit from operations adjusted to exclude depreciation, amortisation, any impairment (or reversal thereof), any other non-trading items, as well as any fair value adjustments relating to biological assets.

NEW ACCOUNTING POLICIES IMPLEMENTED DURING THE FINANCIAL YEAR

Tongaat Hulett adopted several new accounting policies in the year ended 31 March 2020, the most far-reaching of these being IAS 29: *Financial Reporting in Hyperinflationary Economies*. The key policies adopted are highlighted below.

IFRS 16: *Leases* (IFRS 16)

In terms of IFRS 16, the group is required to recognise a lease liability and related right-of-use asset for all its leases where the term exceeds 12 months, the assets leased are not low value (i.e. below R75 000) and where lease payments are fixed in nature.

The group adopted IFRS 16 using the modified retrospective approach permitted by IFRS 16, with no restatement of comparative information. The comparative information remains as previously reported under IAS 17: *Leases* (IAS 17) and related interpretations. Consequently, the cumulative effect of adopting IFRS 16 is reflected in the opening statement of financial position as at 1 April 2019 with a right-of-use asset and a corresponding lease obligation of R108 million being recognised. There was no impact on the group's equity.

With the exception of the Mozambique operations, the adoption of IFRS 16 did not have a material impact on the group's results. In Mozambique, the adoption of IFRS 16 resulted in its leased cane haulage fleet of R303 million being recognised as a right-of-use asset, which improved both the EBITDA and adjusted EBITDA as the lease charge previously expensed is now apportioned between depreciation and finance costs. In South Africa, Tongaat Hulett has leased an extensive area of land from its surrounding communities, however, there is no IFRS 16 impact as the lease payments are variable and linked to revenue from sugarcane harvested.

IFRIC 23: *Uncertainty over Income Tax Treatments* (IFRIC 23)

There was no material impact arising from the first-time adoption of IFRIC 23 as management had previously applied similar considerations when accounting for any uncertainties in its tax positions. Disclosure surrounding any uncertain tax positions has been enhanced.

IAS 29: *Financial Reporting in Hyperinflationary Economies* (IAS 29)

The requirements of IAS 29 have been applied to the financial results for the year ended 31 March 2020.

Hyperinflation and currency dynamics in Zimbabwe continue to impact on the group's results. Zimbabwe experienced compound inflation from March 2019 to March 2020 of 676%. Typically, exchange rate movements are a function of the relative inflation rates between two countries' economies. Foreign currency liquidity shortages in Zimbabwe have, however, caused a disconnect in this relationship, with the deterioration in inflation being disproportionate to the weakening of the official interbank exchange rate used for translating profits in Rands. Specifically, between July 2019 and March 2020, the official inflation rate was 288% whereas the official interbank exchange rate declined by 172% from ZWL$9.2 to ZWL$25 against US$1. This inconsistency has made it difficult to compare the results of the Zimbabwe sugar operations reported in Rand terms, to the group's other sugar operations and to the previous financial year. The use of the unofficial rate, which has declined by 263% from ZWL$10.6 to ZWL$38.5 over the same period, would provide some mitigation for this distortion. It is pleasing to note that, with the recent introduction of the auction system, the two rates have become closer aligned with the official rate at 13 August 2020 having weakened to ZWL$82 against US$1.

The value of the group's cash balances in Zimbabwe has been significantly eroded by the effects of hyperinflation. The group continues to seek ways to preserve the value of its capital and minimise its cash holdings by, amongst others, accelerating capital expenditure and projects, and advancing purchases of raw materials.

Impact of hyperinflation on financial results

	Zimbabwe			Group (continuing operations)		
R million	As reported: official rate	Sensitivity: unofficial rate	% change	As reported: official rate	Sensitivity: unofficial rate	% change
Revenue	6 126	3 978	-35%	15 382	13 234	-14%
Operating profit	2 882	1 872	-35%	3 257	2 246	-31%
Net asset value	3 857	2 505	-35%	(1 595)	(2 947)	-85%

Readers are referred to the Basis of Preparation disclosure in the 2020 Annual Financial Statements for a comprehensive discussion of these policies.

KEY FINANCIAL JUDGEMENTS AND ESTIMATES

The group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), the application of which often requires management to make judgements when formulating the group's financial position and financial results. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Although estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

In response to low capacity utilisation and high production costs, the group mothballed the Darnall sugar mill ahead of the 2020/21 season. The Darnall sugar mill has a carrying amount of R109 million and was first tested for impairment at the individual asset level (with reference to independent third-party valuations and unsolicited expressions of interest in the assets). No impairment of the individual assets was identified and the carrying amount of the Darnall sugar mill has been included in the impairment testing of the South African sugar operations' cash-generating units.

The following table highlights where judgement has been applied:

Group-wide	Property specific	Sugar specific
Going concern	Provision for development expenditure	Treatment of share cropper agreements
Impairment of assets	Net realisable value of landholdings reflected as inventory	Cane root cost capitalisation
Extinguishment of existing borrowings	Revenue from large land sales and township properties sales	Valuation of biological assets
Measurement of borrowings	Allocation of development infrastructure costs	Accounting treatment of investments: Uzinzo and DNA
Assets held for sale		Sugar redistributions and export sales
Lease terms and incremental borrowings rate		Determination of the functional currency of Zimbabwe operations
Taxation, specifically the recognition of deferred tax assets		
Allowance for expected credit losses		
Measurement of post-retirement obligations		

Readers are referred to the Critical Estimates and Judgements disclosure in the 2020 Annual Financial Statements for a comprehensive discussion of the specific assumptions used in preparing results.

FINANCIAL IMPACT OF COVID-19

As a food and food ingredient producer and essential service, Tongaat Hulett has been fully operational across all its geographic locations throughout the COVID-19 lockdown period. The annual financial results to 31 March 2020 were not materially impacted by the pandemic lockdown.

In the new financial year since 1 April 2020, the financial impact on the sugar operations has been limited while the starch operation has seen a reduction in volumes related to alcoholic beverage demand in South Africa. The recent reopening of the deeds office and municipal services will facilitate land development and further property transfers. While the full extent of the impact of the lockdown on the economy and sales remains uncertain, the group is actively monitoring the effect on the business operations and on liquidity, whilst ensuring the protection of its employees, customers and other stakeholders.

In light of the impact of the COVID-19 pandemic on the macroeconomics, the following was undertaken to ensure that the group's assets were held at appropriate carrying amounts.

Impairment testing of goodwill, intangibles and property, plant and equipment

Comprehensive impairment testing was carried out to re-assess the valuations of the underlying businesses using a number of potential outcomes. While the recoverable amount of the Xinavane (Mozambique) cash-generating unit (CGU) was only marginally higher that its carrying amount, no impairment loss was recognised on the basis that the EV/EBITDA multiple of 3.3 implied by the impairment test indicates a more conservative valuation approach was followed.

The South African Agricultural CGU sustained significant impairment losses in previous years, resulting in the various asset classes within the CGU being written down to fair value based on an expected financial outcome in the event that the CGU was liquidated. In the current year, the carrying amount of this CGU continues to exceed the estimated recoverable amount. However, as the carrying amount of the CGU was already reduced to its residual value, no further impairment has been recognised.

No impairments were deemed necessary at the year end and the group's other CGUs had sufficient headroom.

Landholding inventory

To address the risk that the carrying amount of the group's landholding inventory may exceed its net realisable value as a result of the impact of the economic downturn caused by the pandemic on the property operation, extensive testing was performed. Inventory balances (representing the costs incurred or to be incurred in respect of unsold sites) were compared to the property prices provided by independent third-party valuations. The assumptions were stress-tested by reducing the property prices to the point that the future revenues from the redevelopment precinct equated to the carrying amount of the inventory allocated to that same precinct. Depending on the precinct, selling prices can decline by between 31% and 64% before a write-down of inventory would be required.

Trade and other receivables

In the context of the COVID-19 pandemic and the economic disruption resulting from the lockdown, the group has further tightened its already robust credit process to ensure its financial assets are appropriately safeguarded. The group's credit risk is inherently low as with the short credit terms available to customers, it is able to identify any risks early and limit any further exposure. In South Africa, credit terms are being strictly adhered to and where the customer is not covered by credit insurance, either an upfront cash payment or a guarantee from a financial institution is required to continue trading. Proactive monitoring of debtors is being carried out with the support of a third-party service provider, to flag any perceived change to any customer's credit profiles that may indicate an increased level of credit risk. With the exception of the alcoholic beverage manufacturers, and certain confectionary manufacturers, the group's customers have been able to operate during the lockdown which has provided a further level of assurance.

In determining the expected credit loss (ECL) allowance for 31 March 2020, the group has used a higher probability of default, particularly in its Zimbabwe operations, where economic conditions are toughest, and adjusted the potential loss to account for a reduction in the insured percentage communicated by the credit insurer as part of its own risk management processes. Overall, the group is well-positioned to withstand the impact of the COVID-19 pandemic and management does not anticipate a material increase in the group's ECL allowance.

DISCONTINUED OPERATION - DISPOSAL OF THE STARCH AND GLUCOSE OPERATION

The starch and glucose operation was reclassified as a discontinued operation in this period pending finalisation of the disposal announced in February 2020.

Tongaat Hulett entered into a sale and purchase agreement to dispose of its starch and glucose business to KLL Group Proprietary Limited (KLL Group), a wholly owned subsidiary of Barloworld Limited. The business is sold as a going concern for a purchase consideration of R5.35 billion with adjustments to be made for borrowings, working capital and post-retirement benefits (to be retained by the company). The purchase consideration will not exceed R5.35 billion and will be paid in cash, with R450 million being held in an escrow account for twelve months after the transaction becomes effective.

The disposal was undertaken in line with the group's debt reduction plan and proceeds arising from this disposal will be applied to the reduction of debt and will result in the second debt reduction milestone being achieved and significant progress towards the third debt reduction milestone.

The transaction will result in a significant taxable capital gain which has triggered the raising of a deferred tax asset of R311 million (net of the deferred tax classified as held for sale), which will utilise a significant portion of the tax loss.

The disposal is subject to a number of suspensive conditions, including that no event occurs that results in a material adverse change (MAC) in the starch and glucose business. The company's shareholders approved the transaction on 5 June 2020. Other suspensive conditions that must still be fulfilled by 31 October 2020 include the approval of the competition authorities in Indonesia, the preparation of the immovable properties for transfer to KLL Group, and the publishing of a notice of the disposal in terms of Section 34 of the Insolvency Act.

On 29 April 2020, KLL Group notified Tongaat Hulett that they believe a MAC had occurred since the impact of the COVID-19 pandemic is reasonably likely to cause the EBITDA of the starch and glucose business for the financial year ending 31 March 2021 to be 82.5% or less than the EBITDA for the financial year ended 31 March 2020. Tongaat Hulett does not share this view and disputes that a MAChas occurred. The matter has been referred to Rothschild and Co South Africa, an independent third-party, for review and determination. On 5 August 2020, KLL Group issued a second MAC notice after certain technical issues arose in relation to the first MAC notice and the focus of the independent expert's determination. The parties have agreed that the dispute resolution process followed to date will determine all disputes arising in respect of the first MAC notice and second MAC notice, that there will be a single consolidated determination by the independent expert and that the sole dispute to be decided by the independent expert is whether or not a MAC has occurred.

The group is driving the transaction by closing workstream activities in parallel with the resolution of the MAC dispute. A determination is anticipated by 21 September 2020. Management remains optimistic about the outcome.

FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

Gross revenue from continuing operations increased by 18% to R15.382 billion (2019: R13.061 billion), reflecting solid performances in the operations and an improved mix towards more profitable local sales. Tongaat Hulett applied hyperinflation accounting for the first time in the 2020 financial year for its operations in Zimbabwe. This, together with the official interbank exchange rate used to translate the results in Rand being impacted by liquidity shortages more than the underlying economics in the country, increased revenue in Zimbabwe by 37%. Revenue for the continuing operations excluding Zimbabwe increased by 7%.

Tongaat Hulett has experienced marked improvements in operational performance across all sugar operations and the Xinavane refinery in Mozambique achieved pleasing volumes and earnings as it ramped up production. The property operation concluded new land transactions amounting to R144 million during the year. The starch and glucose operation, now classified as discontinued, delivered a good performance with increased demand in the alcoholic beverages helping to offset the impact of higher maize prices.

Operating profit from continuing operations for the year ended 31 March 2020 increased by 491% to R3.257 billion (2019: R551 million), which includes the impact of hyperinflation in Zimbabwe. The return to profitability in the Mozambican operations and the reduction in the operating loss in South Africa most clearly demonstrate the improvements that have been achieved in the past year. Operating profit excluding the Zimbabwean operations improved from a R650 million loss in 2019 to a R375 million profit in 2020, a turnaround in excess of R1 billion. Adjusted EBITDA increased by 397% to R3.010 billion (2019: R606 million). Once-off costs, associated with the turnaround and restatement of previous financial information, included in these results exceeds R460 million and these costs are not expected to repeat to the same extent in the next financial year.

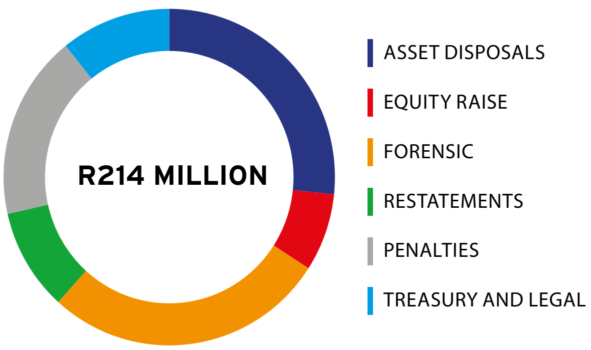
The table below reflects the operational performance of all operations excluding Zimbabwe, in order to provide insight into the underlying performance of the remaining operations once the distortions of hyperinflation have been removed.

Operational performance (all continuing operations excluding Zimbabwe)

R million	March 2020	March 2019	% change
Revenue (external)	9 347	8 699	7%
Operating profit	375	(650)	158%
Adjusted EBITDA	729	(40)	>1 000%

The substantial increase in corporate costs is mainly transitory in nature with R214 million incurred in respect of retrenchments, the forensic investigation, various disposal transactions, the restructuring of debt and the restatement of the Annual Financial Statements (including a provision for penalties from the JSE and FSCA, as discussed later in this report). Temporary contracted-in resources were also required to support various activities. Certain group-wide support costs have not yet been on-charged to other operations while the basis of allocating these overheads is under review.

Restructuring costs



The strong recovery in operating profit was countered by a 22% increase in net finance costs to R1.620 billion (2019: R1.331 billion) and a first-time non-taxable net monetary loss arising from the adoption of hyperinflation accounting of R1.296 billion. In South Africa, the weighted average cost of borrowings increased from 8.9% to 9.6% with the short-term facilities being repriced at the beginning of the financial year and then with all facilities being repriced on 10 March 2020 when the debt restructure came into effect.

In the context of the disposal of the starch and glucose operation, a deferred tax asset has now been recognised for the group's tax loss to the extent that it is probable that future taxable profit will allow for the recoverability thereof, thereby increasing earnings by a net R213 million.

The net effect is a significant turnaround in profitability. Profit for the year generated from continuing operations (including Zimbabwe) was R137 million relative to a loss of R1 237 million in the prior year. The headline loss from continuing operations reduced by 79% to R285 million, relative to a loss of R1 378 million in 2019. Tongaat Hulett reduced the basic loss per share from continuing operations to 212 cents (2019: loss of 1 352 cents) and the headline loss per share to 211 cents (2019: loss of 1 226 cents), an improvement on the prior year of 84% and 83%, respectively. Basic earnings per share for total operations including starch and glucose was 89 cents, relative to a loss in the prior year of 948 cents. Headline earnings per share for total operations was 90 cents (2019: loss of 823 cents). No dividend was declared in the current year.

SEGMENTAL PERFORMANCE

R million	March 2020	March 2019	% change
Operating profit	**3 257**	**551**	**491%**
Sugar	3 010	346	770%
Zimbabwe	2 882	1 201	140%
Mozambique	124	(471)	126%
South Africa	(130)	(482)	73%
Other SADC	134	98	37%
Property	658	273	141%
Corporate	(411)	(68)	(504%)
Adjusted EBITDA	**3 010**	**606**	**397%**
Sugar	2 760	395	599%
Zimbabwe	2 281	646	253%
Mozambique	285	(36)	892%
South Africa	64	(321)	120%
Other SADC	130	106	23%
Property	660	279	137%
Corporate	(410)	(68)	(503%)

Readers are referred to the Chief Officer's report and the divisional reports for further details on the operational performance of the underlying business segments.

CAPITAL EXPENDITURE AND WORKING CAPITAL

CAPITAL EXPENDITURE

Capital expenditure incurred on expanding the group's operations totalled R353 million and included Project Kilimanjaro (a project in Zimbabwe to expand the area under cane) and resolving commissioning challenges at the 90 000 ton refinery at the Xinavane sugar mill. Capital expenditure supporting the ongoing business was confined to essential replacement items and totalled R185 million (2019: 474 million).

In the 2021 financial year, capital expenditure will begin to normalise and is targeted to align with depreciation within the next three years. Planned capital expenditure in the South African sugar operations, includes rehabilitating the second milling tandem at the Maidstone sugar mill to facilitate the mothballing of the Darnall sugar mill. The Mozambican sugar operations will step-up the replant area to address an ageing root profile and improve irrigation infrastructure.

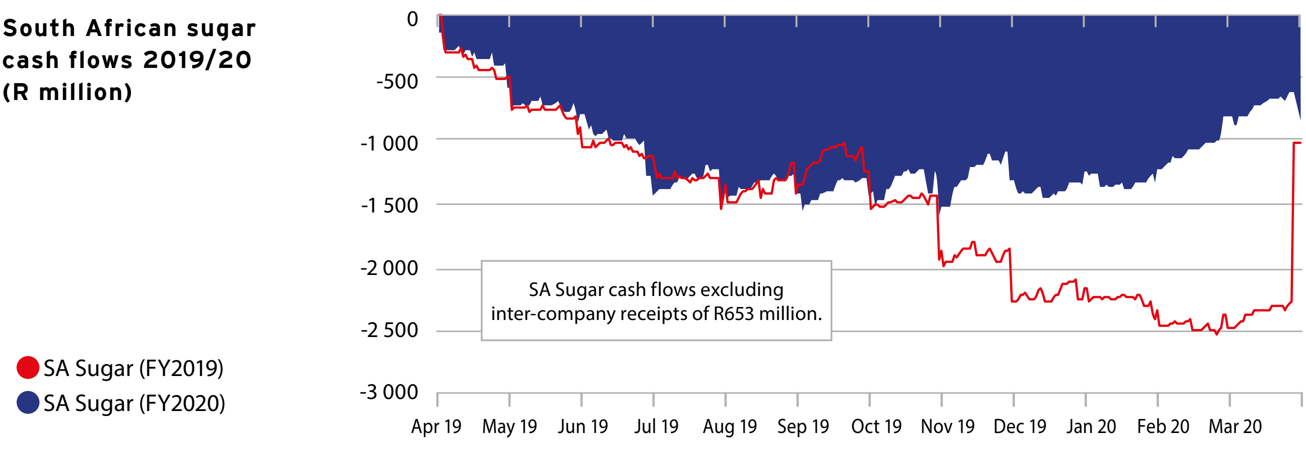
In Zimbabwe, the dynamics around capital expenditure differ from the rest of the group and various projects and cane root replant programs are being accelerated to convert local currency cash balances into tangible income-generating assets.

WORKING CAPITAL

When assessed against the 31 March 2019 financial position, the group's working capital increased year-on-year with a cash absorption of R1 355 million. The working capital cycle was impacted by the need to settle deferred and extended creditors and align supply terms to group policy, particularly in Mozambique and in the property operation. In addition, the group transferred properties to the value of R572 million where the proceeds had been received in earlier financial years which reduced income received in advance and had an adverse impact on working capital. In Zimbabwe, owing to infrastructure damage to logistics routes caused by Cyclone Idai, a substantial export cargo was not able to be shipped prior to the year end thereby increasing year end inventory levels.

The closing working capital position, however, does not reflect the significant work done during the year to improve the average investment in working capital, including increasing supplier payment terms to 63 days, increased grower retention payments in South Africa and influencing decisions at an industry level to accelerate sugar exports. In the South African sugar operations, these efforts reduced the peak working capital requirement during the season (excluding inter-company cash flows) from R2 529 million in 2019 to R1 586 million in 2020.

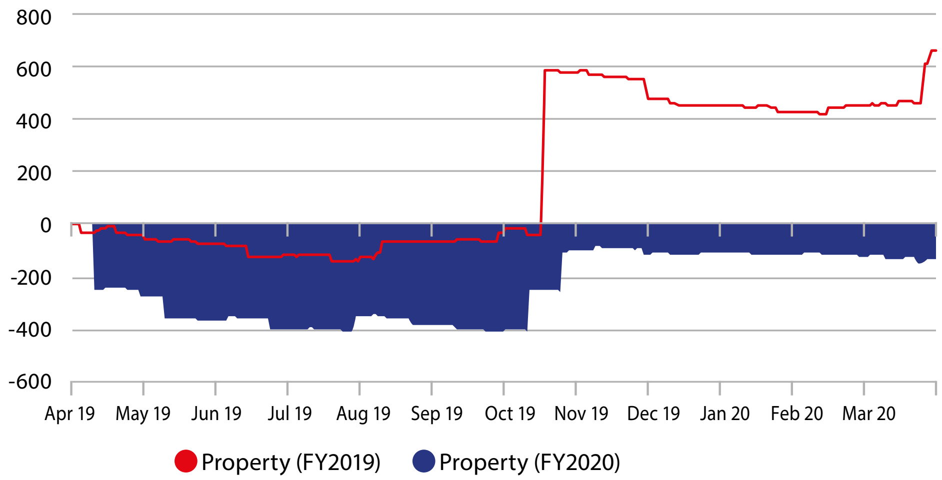
South African sugar cash flows 2019/20 (R million)



The average working capital dynamics in the property operation arose from cash outflows in the beginning of the year, R312 million was required to settle creditors where extended credit terms had been negotiated. In the previous year a significant amount of cash proceeds were received in advance of the property transfers that took place in the current year.

Property cash flows 2019/20

(R million)

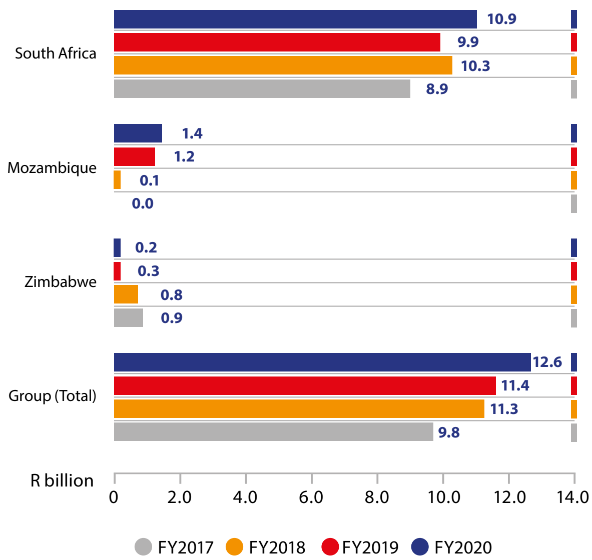


DEBT REDUCTION, FUNDING AND CASH FLOW

Tongaat Hulett regards rapid de-gearing as a key imperative to achieving sustainability. The first phase of the debt reduction program, comprising the streamlining and rationalising of operations and the improvement and optimisation of business performance and accountability, is progressing well. The second phase involves the disposal of core and non-core assets, as well as a potential equity capital raise, to reduce borrowings. The pending disposal of the starch and glucose operation forms the cornerstone of the debt reduction plan and will step-change efforts to reduce debt to a sustainable level.

Total borrowings have increased by 11% to R12.6 billion (2019: R11.4 billion), largely as a result of finance costs in South Africa which continued to be paid from borrowings. Borrowing net of cash for the same periods were R11.4 billion and R10.5 billion respectively, with cash balances in South Africa of R707 million (2019: R nil) that could not be applied to reduce debt before the reporting date due to a five-day notice period required to repay the group's new revolving credit facility.

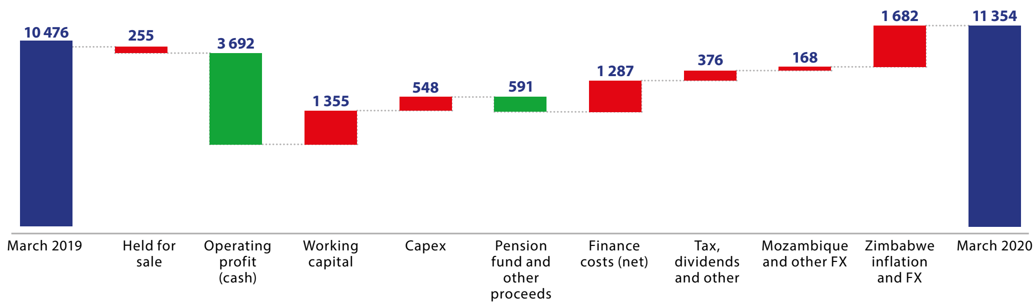
Borrowings



FY2020 group net debt profile

R million

Debt has increased mainly as a result of normalising over-extended creditors, higher net finance costs as well as currency and hyperinflation dynamics



SOUTH AFRICAN DEBT

In South Africa, total borrowings at 31 March 2020, were R10.9 billion (2019: R9.9 billion). Tongaat Hulett entered into new senior term-loan facilities, senior revolving credit facilities and overdraft facilities (New SA Facilities) on new commercial terms including the provision of security over South African assets that came into effect on 10 March 2020. The New SA Facilities were used to refinance amounts owing to lenders in South Africa under existing facilities. At year end the weighted average cost of these new facilities was 12.3%.

South African debt restructure

Facility	Facility type	Total (R million)	Utilised (R million)
Facility A	Senior term-loan facility	8 592	8 592
Facility B	Senior revolving credit facility	2 200	1 550
Facility C	Seasonal sugar revolving loan facility	553	nil
Facility D	Seasonal sugar term loan facility	47	nil
Overdraft	General banking	300	nil
Total		11 692	10 142

FLATTENING THE CURVE OF AVERAGE SOUTH AFRICAN BORROWINGS

The seasonal nature of the South African sugar and starch businesses has meant that the borrowings position at 31 March is historically the lowest in the financial year. The South African term-loans and call borrowings (i.e. excluding trade finance facilities) increased from an average of R6.18 billion during the 2015 financial year to an average of R9.80 billion in the 2018 financial year, representing a compound growth of 18.6% per annum. Over 2019 and 2020, the compound growth in borrowings has slowed to 4.7%.

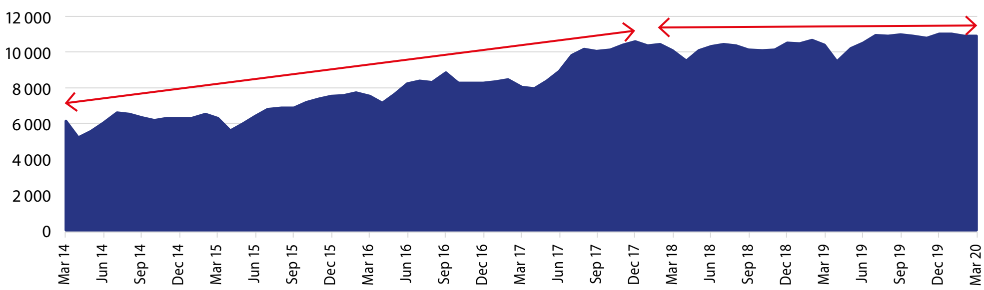
As average borrowings increase, it becomes increasingly more difficult to service the compounding interest costs on the debt. The graph below indicates how Tongaat Hulett has managed to flatten the curve of average borrowings and stabilise its interest obligations.

As part of the debt refinance, Tongaat Hulett committed to reducing its South African debt levels by R8.1 billion by March 2021. To achieve this, Tongaat Hulett has initiated various asset disposals, many of which are at an advanced stage. Signed debt reduction transactions totalling R6.01 billion have been concluded, with R630 million of debt reduction proceeds having been received to date.

Average SA Borrowings – Flattening the curve

(R million)

South African term and call borrowings



Asset disposals to reduce South African debt

Asset	Buyer	Contribution to debt reduction target*	Proceeds applied to debt reduction	Status
Liquidation of legacy pension fund (South Africa)	N/A	R512 million	R512 million	Liquidation is completed.
Disposal of 51% share in sugar packaging and distribution (Namibia)	Bokomo Namibia	R109 million	R109 million	Effective 1 July 2020. Purchase price settled.
Disposal of various land sales (South Africa)	Balwin Properties and others	R101 million	R10 million	Remains subject to various suspensive conditions which are in the process of being concluded.
Disposal of starch and glucose operation (South Africa)	KLL Group (wholly owned Barloworld subsidiary)	R4 916 million	None to date	Shareholders' approval obtained. MAC dispute resolution process underway
Disposal of Tambankulu Estates (Eswatini)	Eswatini Public Service Pensions Fund	R372 million	None to date	Remains subject to various suspensive conditions. Shareholders' circular to be posted.
Total		**R6 010 million**	**R631 million**	

* The contribution to the debt reduction target is determined as the agreed selling price per the sale agreement less the actual/estimated debt assumed by the purchaser, after transaction costs and, in the case of land sales, the estimated cost of any infrastructure obligations.

Non-binding expressions of interest continue to be received in relation to various operations and assets within the group. Any such transactions will be given due consideration and conducted in an orderly manner and at reasonable market-related prices.

The MillCo initiative is progressing well with bidder appetite remaining in excess of the available stake. The group's PropCo initiative is recovering from a series of delays caused by the COVID-19 lockdown and the inability of local and international bidders to conduct physical site visits.

As a result of the MAC dispute, uncertainty exists as to whether the disposal of the starch and glucose operation will proceed. Consequently, a risk exists that the company could potentially not meet its 30 September 2020 and 31 December 2020 milestones to collect cumulative debt reduction proceeds of R4.0 billion and R6.0 billion respectively. In terms of the New SA Facilities, if these milestones are not met, an event of default occurs. Furthermore, uncertainty around the COVID-19 pandemic may delay other debt reduction transactions and cause further pressure on the achievement of other milestones.

To mitigate these risks, and to ensure the availability of funding for a period of at least 12 months following the release of these Annual Financial Statements, the following actions have been taken:

- On 31 July 2020, the group obtained a waiver letter from the South African lenders, whereby the lenders have waived their right to accelerate payment of the facilities should the starch disposal not be implemented, and the original debt reduction milestones are consequently missed, or if there is a breach of the 30 September 2020 financial covenants.
- A credit-approved short-form term sheet has been agreed with the South African lenders to amend the common terms and other facilities agreements to redefine the financial covenants and amend the debt reduction milestones in respect of an event of default. The term sheet was signed by all parties on 31 July 2020.

The result of the above is that Tongaat Hulett has until 30 September 2021 (i.e. an additional six months), to achieve the R8.1 billion debt reduction commitment. The original milestones will, however, continue to be applied for the purpose of determining the interest rate ratchets. Therefore, the failure to conclude the starch and glucose disposal and any delay in concluding other debt reduction transactions will increase the cost of finance.

Readers are referred to the Going Concern section of the Basis of Preparation note to the Annual Financial Statements for further details.

STARCH AND GLUCOSE FACILITIES

A condition of the South African debt restructure was that the two existing facilities, used to fund maize purchases and working capital requirements, be restructured to formalise the security arrangements inherent in these facilities. The new facilities came into effect during May 2020 ahead of the commencement of the new season maize deliveries.

DEBT IN MOZAMBIQUE

Total borrowings in Mozambique at the year end was R1.429 billion, compared to R1.213 billion in the prior year, with the stronger Metical against the Rand contributing to R230 million of the increase. On a constant currency basis, borrowings were in line with the prior year with the benefit of improved operational cash flows offset by the higher cost of financing, once-off costs and the impact of normalising over-extended suppliers.

The debt standstill agreement entered into with lenders on 18 December 2019 remains in effect, as the existing debt has not yet been restructured. The termination date of the debt standstill agreement has been extended from 15 December 2020 to 30 June 2021. On 7 May 2020, a detailed debt restructuring proposal was presented to lenders in order to facilitate the deleveraging of the Mozambique operations through non-core asset disposals and greater cash generation from improved operational performance. The objective of the debt restructure is to ensure there are sufficient committed facilities to allow the business to implement its turnaround initiatives over the next two financial years. Thereafter, the Mozambique operation is expected to be in a stronger financial position to enable it to conclude a longer-term refinance on investment-grade commercial terms and conditions.

Mozambique Debt Standstill

	Type	Total (R million)
Long term	Term loan (MZN)	602
Short term	Overdraft and similar	560
Short term	Overdraft (USD)	85
Short term	Liquidity facility	182
Total		**1 429**

The provision of a security package in favour of the Mozambique lenders, which is a condition subsequent to the initial debt standstill agreement, has yet to be finalised for reasons outside management's control. The security package entails the creation of a collateral pool incorporating select immovable and movable assets and is expected to be completed by the end of September 2020.

In line with its commitment to dispose of non-core assets, the Mozambique operation disposed of its fleet of vehicles to Unitrans Mozambique Limitada for R75 million. The Mozambique operations will lease these vehicles back. The proceeds will be allocated evenly between debt reduction initiatives and liquidity support.

THE WAY FORWARD

The group has already met and exceeded the first debt repayment milestone agreed with the South African lenders of R500 million. Successful conclusion of the transactions above will allow Tongaat Hulett to effectively reduce debt by almost 50% and achieve the second and the majority of the third milestones, keeping the group on track to achieve the targeted debt reduction level by the extended deadline of 30 September 2021. The disposal of the starch and glucose business will be complemented by transformational projects MillCo and PropCo to generate further debt reduction proceeds which, acknowledging some execution risk, should be sufficient to achieve the majority of the R8.1 billion debt reduction target. This will provide some "breathing room" for the group to put in place measures to grow the business.

Since 20 March 2020, the South African Reserve Bank has reduced the prime lending rate by 2.75% to 7.00% as part of its COVID-19 relief measures. As the South African borrowings have a floating interest rate which is reset monthly, the group will realise a consequent reduction in finance costs, relative to the repriced facilities effective from 10 March 2020.

Similarly, the Bank of Mozambique has reduced its prime lending rate by 2.50% to 15.90%. As the majority of the borrowings in Mozambique have a floating interest rate, the group will realise a further interest saving.

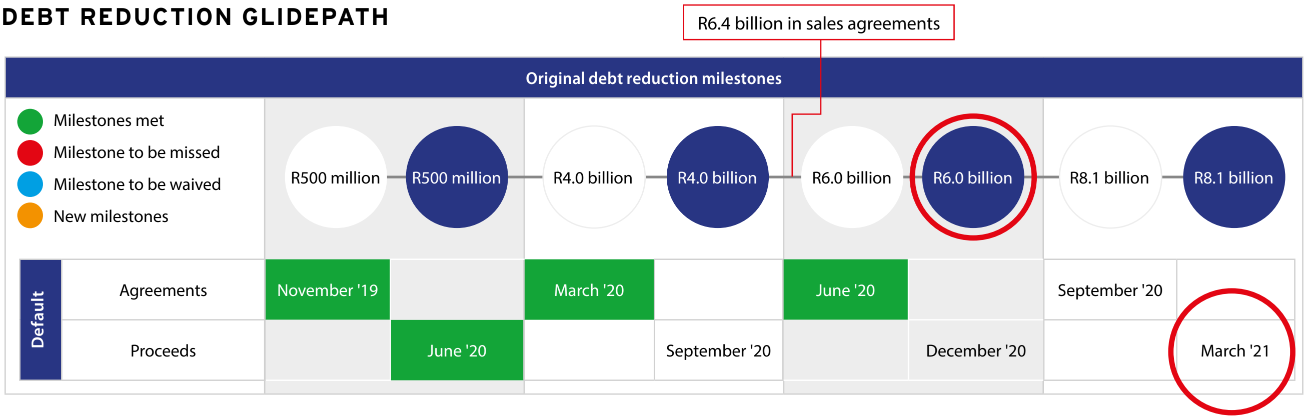
CASH FLOW AND LIQUIDITY

Cash flow and liquidity are monitored on a daily basis by management with oversight by the Board. While Tongaat Hulett generated positive cash flow from operations after working capital in 2020, the majority of the improved operational cash flow was used to service the interest on the group's borrowings.

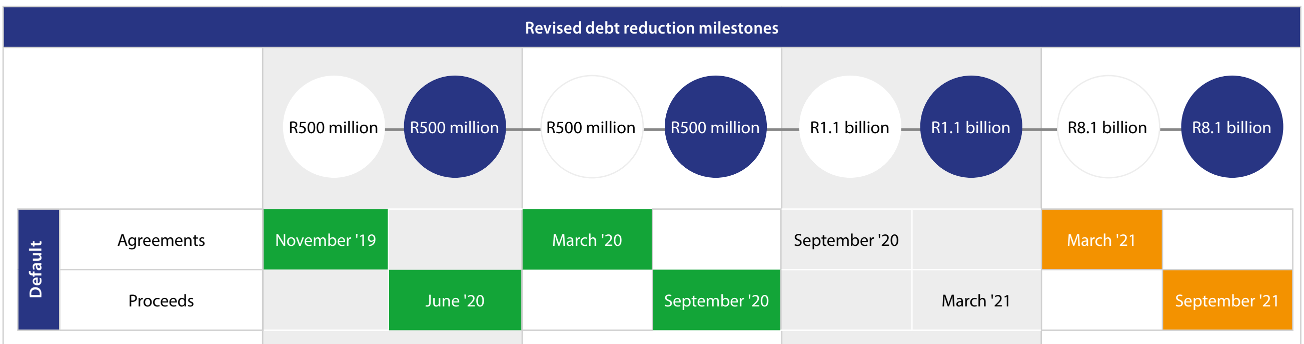
To note

As a result of applying hyperinflation accounting in Zimbabwe, all items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. The resultant statement of cash flows is prepared to reflect cash flows during the year measured at the current purchasing power at the end of the reporting period and as such does not reflect actual cash flows during the year. While the statement of cash flows is adjusted to reflect current purchasing power, the cash and cash equivalents balance can only ever represent the actual cash flow (i.e. not indexed) at the point in time when the transactions occurred. As a result, an adjustment of R1 919 million was required to account for the loss of value between the hyperinflation-adjusted cash flows and the actual cash flows, as well as to account for the loss of value in the opening cash and cash equivalent balances. In effect, the R1 919 million represents the value eroded by hyperinflation within the Zimbabwe economy.

DEBT REDUCTION GLIDEPATH



Financial covenants have been renegotiated given uncertainties around COVID-19 and the starch transaction. Delays against original milestones will however result in additional finance costs through the *payment-in-kind* interest and the interest rate ratchet mechanism (more fully disclosed in Note 17 to the Annual Financial Statements).



A capital raise remains a consideration

OUTCOME OF REGULATORY INVESTIGATIONS

FINANCIAL SERVICES CONDUCT AUTHORITY (FSCA) INVESTIGATION

The investigation by the FSCA into potential contraventions of Section 81 of the Financial Markets Act is ongoing, and the group continues to cooperate with the enquiries of the regulator. A proposed administrative penalty in respect of the misrepresentation of the group's financial performance (in the financial years preceding the year ended 31 March 2019) is under discussion, and shareholders will be informed once this has been finalised. An amount of R33 million has been accrued in the 2020 financial year in respect of this potential penalty.

JSE INVESTIGATION

The JSE has concluded its investigation into the company publishing financial information for the periods 2011 to 2018 that did not comply with IFRS and which was incorrect, false and misleading. The JSE found that the company had failed to comply with the JSE Listings Requirements and imposed the maximum permissible fine of R7.5 million with R2.5 million of the fine being suspended for five years in recognition of the company's cooperation in, and assistance with the investigation. The JSE's investigation into the conduct of individuals that presided over the company during the periods in question is ongoing. At 31 March 2020, the group accrued R5 million in respect of the fine payable.

DIVIDEND POLICY

In view of the group's current financial status, the Board has determined that no dividend should be declared for the 2020 financial year. It is also envisaged that no further dividends will be declared until the debt restructuring has been completed, currently targeted by 30 September 2021.

Post the debt restructuring, it is envisaged that the future dividend policy will be based on a consideration of the extent of free cash flow generation as well as the ongoing capital and expenditure requirements of the group.

GOING CONCERN

The Board is required to assess Tongaat Hulett's ability to continue as a going concern as part of its approval of the financial statements. In formulating its assessment, the Board has utilised all the information at its disposal, with particular focus on the group's liquidity projections, the progress made with respect to the turnaround initiative, the solvency of the group with reference to independent valuation of its underlying business and the achievement of the debt reduction milestones to date. The assessment specifically considers the impact of COVID-19 on the business in general and the starch and glucose disposal specifically.

The Board, after considering the renegotiated facility terms and various mitigating actions, concluded that while various conditions give rise to a material uncertainty, the group and company are able to discharge their liabilities in the normal course of business and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

The external auditors have disclosed the existence of a material uncertainty as an emphasis of matter to their audit report.

Readers are referred to the Basis of Preparation and Notes 17 and 29 to the Annual Financial Statements for a detailed discussion of the material uncertainties and assumptions used in the appraisals by management.

OTHER KEY FINANCIAL RISKS

CAPITAL RISK MANAGEMENT

With high levels of borrowings in South Africa and Mozambique, the group's primary objective is to manage its capital structure to ensure that its operations are able to continue as a going concern. Once borrowing levels have reduced sufficiently, the group plans to optimise each material operations' capital structure such that borrowings are located in close proximity to the assets and cash flows required to service that debt. Consequently, the group will avoid borrowing funds in South Africa for equity investments (direct, or indirect through unpaid inter-company balances) into foreign operations. The group will no longer cross-subsidise underperforming operations without a robust remedial turnaround plan in place. In doing so, the group aims to reduce its cost of capital, provide acceptable returns for shareholders and benefits for other stakeholders.

As the new financial year progresses, the key priorities include delivering on the R8.1 billion debt reduction plan in South Africa, concluding the debt restructure in Mozambique and seeking further ways to preserve the value of capital in Zimbabwe from the impact of the hyperinflationary economy.

FINANCIAL RISK MANAGEMENT

In the normal course of its operations, the group is exposed, in varying degrees, to a number of financial related risks. In line with the adoption of a new enterprise risk management framework, the management team have conducted a series of risk reviews to determine the group's exposure to financial risk. In the year ahead, further risk strategies to address residual financial risk exposures will be implemented, while rigour to processes and internal controls relating to financial risk management will continue to be applied.

While the group's main risk relates to liquidity, with a significant focus on managing both solvency and liquidity risks, other material risks include interest rate risk and foreign currency risk, particularly in respect of some long outstanding inter-company balances and foreign-denominated borrowings.

Further detail on the financial risks and management thereof are disclosed in Note 29 Financial risk management in the Annual Financial Statements.

EVENTS AFTER THE REPORTING DATE

In light of the COVID-19 pandemic, the group has made use of the two-month extension, afforded by the FSCA, to comply with the JSE Listings Requirements with respect to publishing its Annual Financial Statements. Consequently, a significant period of time has passed between the reporting date and the date of approving these Annual Financial Statements.

While several of the notable events that have occurred post the reporting date and may impact future results have been dealt with above, further details are provided in the Annual Financial Statements.

Readers are referred to Note 34 - Events Occurring After the Reporting Period in the Annual Financial Statements.

FOCUS FOR NEXT YEAR

The past 18 months have certainly been the most challenging in Tongaat Hulett's recent history. Financial management required a total overhaul which required extensive restatements, adoption of new policies and procedures, improving financial discipline and reporting, retrenchments and resourcing challenges. I am particularly pleased to say that we have moved on from that now, having stabilised the business and implementing all the required initiatives to both normalise and formalise the financial function.

A key focus of the year ahead is to improve the internal controls over financial reporting, including those within the information technology environment. To this regard, a control self-assessment tool has been implemented to establish the baseline from which improvements will be measured.

While we continue to strengthen our day-to-day financial management and reporting, we have also built a small team of skilled contracted resources looking towards how to do things better, bring the information forward faster and more efficiently and how we formalise and document all our processes. This process with continue in the new year.

APPRECIATION

I would like to thank the Audit Committee, shareholders and lenders, as well as the teams from Deloitte and PwC, for their valued input and support during the past year. A special word of gratitude must also go to my team, which has gone above and beyond and have managed to successfully complete a year end remotely and in the middle of a pandemic.

RD Aitken
Chief Financial Officer

SUGAR OPERATIONS

Tongaat Hulett is a leading sugar producer in prime locations across Southern Africa, a region recognised as holding some of the best sugar production credentials in the world. Tongaat Hulett maintains its leadership through an unrelenting focus on lowest cost production while pursuing rigorous standards of safety, environmental best practice and community participation, to ensure the lasting sustainability of our operations.

TongaatHulett Sugar

TONGAAT HULETT SUGAR AT A GLANCE

A LEADING SUGAR PRODUCER IN SOUTHERN AFRICA

- 128-year history
- One of the largest employers in Southern Africa
- Trusted government partner
- Leading household brands

REVENUE

R15.3bn
FY20

PRODUCTION

1.5m Tons per annum in sugar production capacity with a 80% utilisation

40m Litres of ethanol per annum

~60k Hectares farmed MCP*

~400k tons per annum animal feed capacity

Leading player in all countries of production

South Africa
- 4 Sugar mills
- 1 Refinery
- MCP*-14 000 hectares
- Animal feeds

Zimbabwe
- 2 Sugar mills
- 1 Refinery
- 1 Ethanol plant
- MCP*-25 000 hectares

Mozambique
- 2 Sugar mills
- 1 Refinery
- MCP*-19 000 hectares

Long-term leadership position protected from competitive threats

- A market leader in the SADC region
- Well-located to access key deficit markets with further upside potential from per capita consumption growth
- High barriers to entry due to high fixed capital base

We cover key regional deficit markets

Angola | Burundi | Democratic Republic of the Congo | Kenya | Madagascar | Rwanda | South Sudan | Tanzania

* MCP: Miller-cum-planter. Area directly farmed by Tongaat Hulett

SUGAR OPERATIONS

The company is a leading employer in many of the six African countries of operation. Tongaat Hulett also exports products to more than 30 countries, predominantly on the African continent as well as parts of Europe and the USA.

The Sub-Saharan Africa region holds the greatest potential for sugar consumption growth of any global region, with below-average per capita consumption rates and above average population growth. Sugar is one of many products that can be extracted from sugarcane. The crop holds vast potential for leveraging greater yields and further diversification into downstream products. Tongaat Hulett already generates power from sugarcane, manufactures ethanol in Zimbabwe, and intends to fully capitalise on further diversification opportunities over the medium-term.

FINANCIAL METRICS

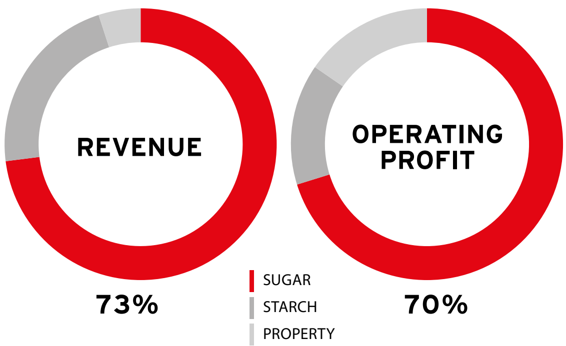
REVENUE

R15.3 billion
(2019: R12.8 billion)

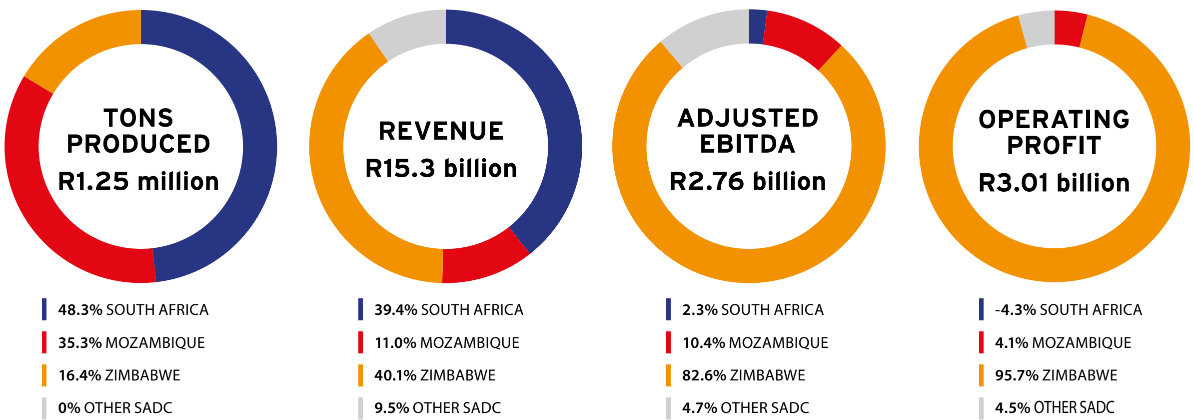
OPERATING PROFIT

R3.01 billion
(2019: R0.35 billion)

SEGMENTAL CONTRIBUTION SUGAR OPERATIONS



GEOGRAPHICAL CONTRIBUTION



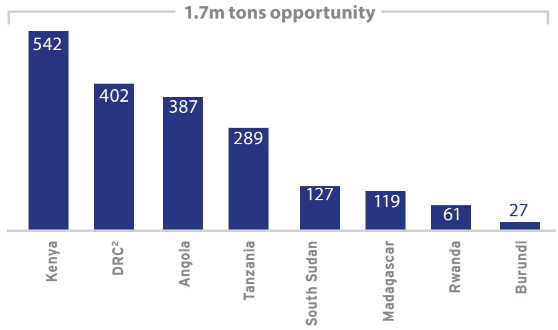
SOUTHERN AFRICAN SUGAR DYNAMICS

African sugar consumption totals 19.6m tons annually with growth opportunities[1]

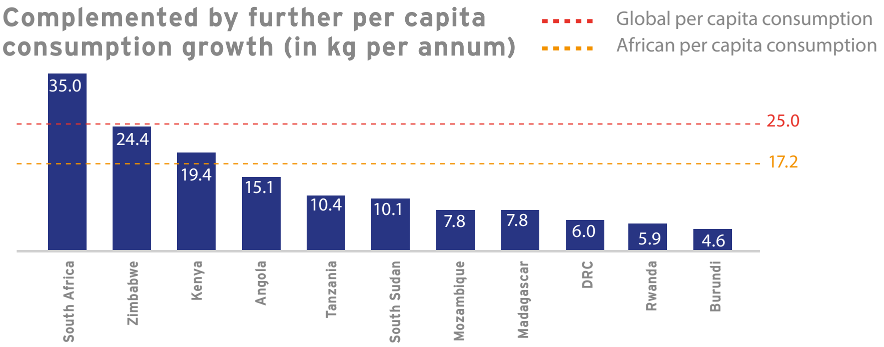
1.7m tons opportunity in deficit markets[1]

Significant scope for growth in per capita consumption

Growth opportunities in key regional deficit markets (sugar deficit in 1 000 tons)



Complemented by further per capita consumption growth (in kg per annum)



Notes: (1) International Sugar Organisation as at November 2019. (2) Includes DRC East, South and West

OPERATING ENVIRONMENT

The decline in the oil price and the subsequent movement out of ethanol into sugar by international sugar producers has had an impact on the world's sugar price.

In South Africa, average sugar pricing benefited from the 19.5% local price increase in the prior year and a further 6.5% increase in November 2019.

The impact of the Health Promotion Levy on industrial sales seems to have stabilised. The sugar content of beverages and food products have been adjusted, leading to a seemingly permanent industry wide reduction in demand of some 300 000 tons. Tongaat Hulett's strength in packaged sugar with a lower dependency on the industrial market, has stood the company in good stead, partially shielding us against the impact of the Levy in South Africa, as well as the reduction in industrial demand due to the COVID-19 pandemic.

On 23 June 2020, the Department of Trade, Industry and Competition published amendments to the Constitution of the South African Sugar Association and the Sugar Industry Agreement, and granted the sugar industry a 12-month exemption from certain provisions of the Competition Act. These amendments were effective from 1 July 2020 and will allow industry stakeholders to begin working together to implement a master plan for the industry.

The master plan seeks to create a diversified and globally competitive, sustainable and transformed sugarcane-based value chain that actively contributes to South Africa's economic and social development, creating prosperity for stakeholders in the sugarcane value chain, the wider bio-economy, society and the environment. The first phase of the master plan will run for three years and is focussed on stabilising the industry, restructuring industry capacity in an orderly manner, protecting and retaining jobs, securing the role of small-scale growers in the industry, and ensuring transformation of ownership within the industry.

During this phase, industrial users and retailers of sugar have committed to minimum levels of South African produced sugar, equal to no less than 80% of their requirements in year one and increasing to 95% by year three. To support this undertaking, sugar producers have committed to price restraint during this period. The sugar industry will use the three-year period to commence a restructuring plan which includes the development of diversified revenue sources for the industry. Tongaat Hulett's MillCo initiative is aligned to the objectives of the sugar master plan.

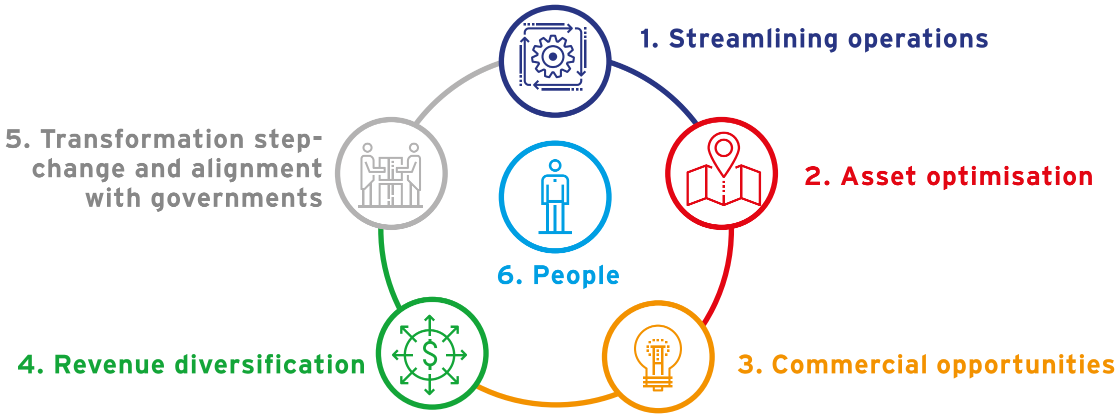
In Mozambique, there has been a gradual recovery from damage caused by Cyclone Idai. Local sales volumes showed a strong recovery during the year, realising the benefit of not applying the annual price increase.

Zimbabwe experienced a challenging economic environment following the reintroduction of the local currency in February 2019, the abandonment of the multi-currency system in June 2019 and its subsequent return in March 2020 as part of economic measures to combat the COVID-19 pandemic. Zimbabwe's inflation accelerated substantially to 676% by March 2020 (2019: 67%) as the local currency continued to devalue against the major currencies. Zimbabwe was pronounced a hyperinflationary economy by the country's Public Accountants and Auditors Board, with the resulting accounting requirements being applied for the year ended 31 March 2020.

Sugar holds its value in US dollars and accordingly, the sugar price and costs have been escalating exponentially. Timely adjustments of local sugar prices in the domestic market in line with inflation have been successful in maintaining margins, minimising speculative trading and illegal exports to neighbouring countries, practices historically common in hyperinflationary environments. Prices on both regional and international export markets were on average 17% higher than prices achieved in the prior year.

All three countries undertook notable restructuring projects during the past year, in a manner that resulted in limited disruption.

KEY STRATEGIC INITIATIVES



Clear strategies to build a sustainable profitable sugar business

The Tongaat Hulett sugar operations present meaningful short-term upside potential from streamlining operations and asset optimisation, as well as exciting longer-term opportunities in revenue diversification and strategic partnerships. The group aims to entrench its market position by becoming the lowest cost producer in each country of operation and to generate revenue growth through market share gains and diversification.

Tongaat Hulett recently conducted reputation audits with various stakeholders, including employees, shareholders, media, suppliers and customers. Despite the events of the past two years and the large-scale restructuring efforts that followed, feedback from employees has been positive – they are optimistic about the direction the company is taking and highly motivated to play their part.

Strategic progress

Tongaat Hulett's recovery strategy has started bearing fruit in this period. Significant progress has been made in streamlining operations, with the majority of the rightsizing of the operations complete. Relentless focus on improving operating processes and efficiencies continue to yield further gains. A focus on key outsourced aspects of all operations is starting to yield some significant financial gains through improved procurement processes. Spending has notably reduced, with over R530 million in savings achieved in 2019/20.

Asset optimisation has been advanced with the exit from a number of non-core operations across the region, as well as optimising our SA farming footprint. The group announced the mothballing of the Darnall mill from the 2020/21 season, and a comprehensive plan has been developed to reduce refining costs in South Africa by a third, over the next two years. Additional refining volume in the Zimbabwe operations is now being diverted to own operations refinery.

Commercial opportunities are being pursued in packaging, exports, product extensions and animal feed. We saw strong performance in market share growth in South Africa.

Good progress has been made towards building a more balanced portfolio by reducing the dependence on sugar alone. All current co-generation opportunities are on track to be achieved in the next financial year and a business case for the production of ethanol in South Africa is well advanced. Projects for further diversification are also being scoped.

Exchange control regulations allow Tongaat Hulett Zimbabwe to utilise up to 80% of its export revenue earned in US dollars within 30 days of receipt, which has allowed for strong progress in paying down foreign denominated debt and reducing the associated foreign exchange risk. Both of these developments should assist with the repatriation of cash from Zimbabwe in the short term. By July 2020, dividends of R84 million were received in South Africa from the Zimbabwe operations.

Strategic transformational partnerships

Tongaat Hulett is pursuing two strategic partnerships in the South African sugar business that will improve the sustainability of the industry in terms of capacity utilisation and broad-based economic upliftment, while allowing the company to raise additional cash. A further partnership has been formed with the Government of Zimbabwe to alleviate poverty and create jobs.

MillCo

The aim of MillCo is to provide the structural mechanism for diversification of ownership while still driving optimisation of the milling and refinery operations. This will be achieved through a vertically integrated business entity on the KZN North Coast in South Africa, that mills, refines and sells sugar and associated diversified products. It is envisaged that equity will be held by commercial farmers, industry bodies representing small-scale growers, private equity investors and potentially other millers. Tongaat Hulett will inject assets in the form of mills, a refinery, associated products (Voermol animal feeds, speciality sugars and liquids sugars), as well as its sales and distribution activities, and ultimately retain at least 50.1%, with arms-length management and technical agreements in place.

The partnership is expected to generate proceeds estimated at R1 billion to assist in reducing our debt, as well as additional funding for growth capital expenditure within MillCo. The partnership will allow access to new markets and revenue streams with the same inputs, resulting in increased scale of business, while the alignment of the various players and interest from various parties throughout the value chain presents substantial opportunity to deliver cost optimisation. The formation of MillCo will allow Tongaat Hulett to continue its transformational objectives and notably increase its B-BBEE score, whilst supporting the social and economic development of the region.

The lockdown has slowed down due diligence processes for the project, as stakeholders are prevented from travelling across provinces. Despite these delays and the challenges created by the pandemic, MillCo continues to attract more participants wanting to partake than the amount available to sell. It is envisaged that the partnership agreements will be concluded in the last quarter of this financial year, with cash proceeds and operational execution commencing from early in the 2021/22 financial year.

FarmCo

To secure a smooth and value enhancing optimisation of direct sugarcane farming activities in South Africa, Tongaat Hulett has ensured that land which has been targeted for future property development remains productive under sugarcane, while enabling the establishment of a large-scale black-owned sugarcane farming enterprise, Uzinzo Sugar Farming, and creating opportunities for other third-party growers to farm company owned land and maintain full economies of size and scale of estates.

The Uzinzo partnership has enabled shareholders to lease three prime agricultural estates at rentals below market related rates. The three experienced individuals which were selected to be at the helm of Uzinzo Sugar Farming together hold 65% of the shares in the enterprise. There is also a 15% shareholding for employees through an Employee Trust that was created. Tongaat Hulett retained a 20% shareholding and plays a facilitative and mentorship role in the short term.

Uzinzo was launched on 1 October 2019. The arrangement has established Uzinzo as a sustainable large-scale transformational agricultural operation and one of the largest black growers in the South African sugar industry. With this scale, Uzinzo is able to farm more cost competitively than Tongaat Hulett can as a corporate.

Project Kilimanjaro

Tongaat Hulett officially launched Project Kilimanjaro in November 2019 in partnership with the Government of Zimbabwe, and supported by commercial banks. The project aims to improve land productivity through the development of 4 000 hectares of virgin land, for sugarcane farming, for the benefit of 200 indigenous farmers. To facilitate successful skills transfer, Tongaat Hulett has seconded key technical staff to the Lowveld Sugarcane Development Trust, who in turn will project manage this undertaking for an initial five year period.

The project aims to promote rural transformation, socio-economic growth and development, through the creation of approximately 2 000 new jobs, while also generating much needed foreign currency through additional export sales.

The project launched by the President is well underway with more than 2 600 hectares already cleared to date, with the first 455 hectares already planted to cane and an additional 111 hectares being planted. The first 158 hectares will be harvested in the current season with yields expected to top 160 tons cane per hectare. The funding of the project has however been complicated by hyperinflation and the COVID-19 pandemic, which has slowed the project rollout. Current projections are that a total of 2 047 hectares will have been planted to cane by 31 March 2021. The strategy, however, remains fundamentally the same, as does the target of producing 600 000 tons annually by the 2023/24 financial year and hence the balance of 1 953 hectares is targeted to have been fully developed to sugarcane by 31 March 2023.

SUGAR OPERATIONS IN SOUTH AFRICA

KEY STATISTICS

5.13 million tons cane crushed
Down 2% (2019: 5.24 million tons)

602 000 tons sugar manufactured (2019: 598 000 tons)

R130 million operating loss (2019: R482 million loss)

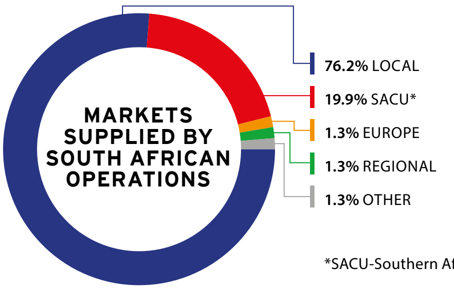
OPERATIONAL PERFORMANCE

The South African operations produced significantly improved results. Revenue increased by 6% to R6.0 billion and the operating loss reduced to R130 million from R482 million in the comparable period – a remarkable achievement, considering that the improvement occurred despite incurring once-off restructuring and other costs of close to R165 million in the year. The South African operations improved their performance across multiple areas of operations, including agriculture, milling and refining, demonstrating productivity gains and improved cost management.

The sugar mills recorded one of the best performances in recent years, increasing sugar production for the season to 602 000 tons from 598 000 tons in the prior year, despite sugarcane tons crushed being lower. The mothballing of the Darnall sugar mill will further improve capacity utilisation in the 2020/21 season. Local market sales volumes for the financial year totalled 372 300 tons, which were 7% ahead of the prior year. Average pricing benefited from two increases in recent times. Various trade incentives were required to support local sales volumes in what has become a very competitive market, with local producers as well as sugar imported from Eswatini competing for market share. Industrial sales reduced to 85 000 tons, having been adversely affected by a structural change in industrial demand arising from the implementation of the Health Promotion Levy.

Exports sales volumes reduced as the group favoured higher-margin local sales. Export pricing benefited from the weaker exchange rate and improvement in world sugar prices.

Cost reduction and cash flow maximisation resulted from operational efficiencies and personnel cost savings of R408 million. This does not take into account once-off and retrenchment costs, as well as central costs totalling some R66 million which have not yet been charged on to other sugar operations while transfer pricing policies and agreements are updated.



*SACU-Southern African customs Union

Reinvigorating the Huletts Sugar sales and marketing approach in South Africa

Our flagship brand, Huletts Sugar, has been part of the fabric of South Africa for over 128 years. As part of our turnaround process we comprehensively reviewed our sales and marketing approach:

- focusing on our full product range across all geographical areas;
- clarifying our sales approach and offerings to the differentiated channels;
- standardising our service offerings, yet tailoring by customer;
- ensuring fair and equitable service offerings for the full customer base; and
- enhancing our delivery and service levels.

In addition, we have reenergised our brand to reflect its proudly South African heritage and partnered with Proudly South Africa to elevate our status as a 100% local company that grows, mills, refines and sells truly South African sugar. In May 2020, we launched our new pack across our core brown and white portfolio, with adjacent portfolios to follow.

It was supported by a comprehensive marketing campaign to support our functional and emotional story, and a focused approach to elevate our "sweet new look". This was accompanied by an improved focus on better telling our story of how Huletts continues to give back to South Africa through our SED initiatives, a brand that cares for our communities and our country.

Through these efforts we have already seen a significant, double digit improvement in sales, in spite of the prevailing economic challenges facing the South African consumer market.

PROUDLY SOUTH AFRICAN®

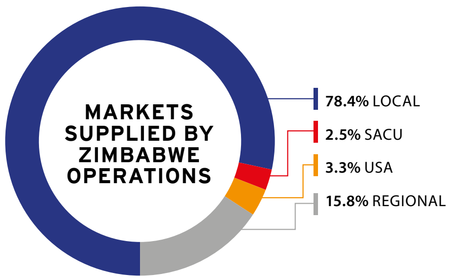
SUGAR OPERATIONS IN ZIMBABWE

KEY STATISTICS

3.56 million tons cane crushed
Down 0.6% (2019: 3.58 million tons)

439 300 tons sugar manufactured
Down 3.2% (2019: 453 700 tons)

R2.9 billion operating profit
(2019: R1.2 billion)



OPERATIONAL PERFORMANCE

Another strong performance from Zimbabwe in spite of difficult circumstances as revenue increased by 37% to R6.13 billion and operating profit grew by 140% to R2.9 billion.

Sugar production was marginally lower at 439 300 tons compared to 453 700 tons in the prior year. The Triangle operation produced 14 100 tons more and the Hippo Valley Estates operations produced 27 700 tons less, than the prior year. The cane yields on Tongaat Hulett farms showed good recovery from 96 to 110 tons cane per hectare, while yields achieved by private farmers farms were stable at 66 tons cane per hectare. In order to achieve better cane yields in the long-term, the replanting program on both Tongaat Hulett and privately owned farms is ongoing, including enhancing the Tongaat Hulett initiated support scheme for small-scale farmers.

Local market sales reduced by 13% to 323 900 tons (2019: 371 000 tons), due to the impact of hyperinflation on customers' affordability, as well as the need to manage local market supply as sugar tends to be accumulated as a hedge against declining currency.

Due to infrastructural damage and other logistical challenges occasioned by Cyclone Idai, which impacted exports via Beira, industry export volumes decreased to 89 000 tons compared to 112 000 tons exported in prior year, representing 22% of total sales volumes (2019: 23%). Ethanol sales grew by 30% to 30 million litres, driven by additional sales into the fuel blending market.

Extracting consistent dividends from the Zimbabwe business is a key focus area and progress has been made in the past year where R13 million was remitted after having prioritised reducing foreign denominated in-country borrowings to reduce currency risk exposure. These decreased from US$17 million to US$6.7 million during the year. Dividends for the 2020/21 financial year are targeted to be R250 million with R84 million received by 31 July 2020.

More detail in this regard is provided in the Chief Financial Officer's report

Tongaat Hulett is well-positioned to service land-locked neighbouring countries that find it difficult to import products. Efforts are underway to full capitalise on this opportunity.

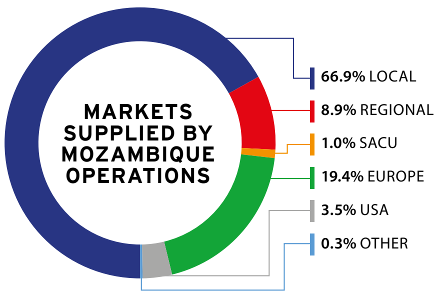
SUGAR OPERATIONS IN MOZAMBIQUE

KEY STATISTICS

1.90 million tons cane crushed
Down 5.5% (2019: 2.01 million tons)

204 700 tons sugar manufactured
Down 11% (2019: 229 400 tons)

R124 million operating profit
(2019: R471 million loss)



OPERATIONAL PERFORMANCE

The Mozambican sugar operations experienced a notable turnaround in the current financial year. Revenue growth of R320 million was driven by a 24% increase in domestic sales volumes, accelerated exports, as well as the ability to sell refined sugar domestically, which previously had to be imported. The ramping up our refinery allows us to fulfil market demand for refined sugar and support government's drive to reduce foreign exchange expenditure.

The operations generated an operating profit of R124 million, relative to a loss in the prior period of R471 million, benefiting from the revenue enhancement, as well as cost saving initiatives. The Mafambisse sugar mill reduced its operating loss from R110 million to R31 million and this includes significant once-off costs. Higher domestic consumer sales and the sale of refined sugar to industrial consumers were both margin enhancing. The result included once-off costs of R72 million.

The Xinavane operation produced 176 800 tons of sugar, in line with the previous season's production of 178 300 tons. However, the impact of Cyclone Idai reduced sugar production at the Mafambisse operation from 51 100 tons to 27 900 tons. Local market sales continued their recovery, increasing by 24% to 185 900 tons.

The Xinavane refinery ramped up production during the period and is rapidly improving to the levels that it has been designed for. In its first full season of operations, it produced 38 900 tons of refined sugar and generated an operating profit of R119 million. The opening of the refinery has been well received by the Mozambican Government as a source of infrastructural development and employment in the region. It also assists in reducing national foreign exchange expenditure due to reduced imports.

Costs savings of R126 million were achieved across the business through a headcount reduction, a range of cost reduction initiatives, as well as a reduction of hectares farmed. This was offset by a once-off cost of R72 million incurred in rightsizing the business and reducing headcount. Leased land was transferred to growers and sub-economical fields are lying fallow. The Mozambican operations continue to drive cost control and cash generation as key priorities.

OTHER OPERATIONS (ESWATINI, BOTSWANA, NAMIBIA)

Collectively, operating profit for the Botswana and Namibia packing operations and the Eswatini sugarcane farming operation increased by 37% to R134 million (2019: R98 million). The Namibia operation that was disposed of effective 1 July 2020 contributed R39 million to profit (2019: R42 million). The Botswana operation increased operating profit by 16% to R71 million (2019: R61 million) due to higher sales to industrial customers and the benefit of the weaker Rand on the cost of sugar purchased from South Africa. Higher sugarcane prices offset the impact of lower yields, resulting in the Eswatini operation achieving a profit of R24 million (2019: loss of R5 million).

On 19 November 2019 we announced the disposal of our interests in packaging and distribution operations in Namibia. This business was transferred to Bokomo Namibia on 1 July 2020. On 17 June 2020 we announced the sale of shares in Tambankulu Estates, our agricultural operations in Eswatini. The proceeds from these sales will be used to pay down debt.

KEY FOCUS AREAS FOR 2021

The sugar operations will continue to focus on advancing its strategic pillars in the next financial year by optimising assets, improving efficiencies and reducing costs, as well as developing new markets for its products. Diversification will also continue to be a strategic imperative.

In Mozambique, key focus areas will be maximising the utilisation of the refinery which is expected to increase production to 60 000 tons, continuing to drive local sales and building a sustainable agricultural operation through investment.

The emphasis in Zimbabwe will be on maintaining a business that continues to be profitable and building towards becoming the lowest cost producer in Africa. Being able to repatriate dividends from Zimbabwe will receive ongoing attention. Geographical and enterprise diversification is a further element that will receive focus, while ensuring that we continue to fulfil the needs of current export markets.

The South African operations are expected to be in a much stronger position in the next financial year. For the first three months of the new financial year, these operations have realised volume increases of some 20%. There remains a continued drive to extend the focus on brown sugar, which is a relatively untapped market for Tongaat Hulett in South Africa, and the focus on low-cost production and value chain efficiencies, is intensifying.

Our focus as a company is to drive our key strategic initiatives in our sugar operations successfully by:

- brand building and market share growth within the region through streamlining our operations;
- asset optimisation;
- capacity utilisation;
- diversification;
- transformation initiatives; and
- reliability.

OUTLOOK

We expect accelerated momentum in the turnaround of the sugar operations. The South African sugar operations will benefit from improved production and better pricing. The Kilimanjaro project is expected to increase throughput marginally in Zimbabwe in the 2021 financial year, while continued focus on efficiencies and cost reductions will drive the journey to becoming the lowest cost producer in all regions in which the group operates. The group also continues to review ongoing diversification opportunities and will progress these as appropriate.

STARCH OPERATIONS

Tongaat Hulett Starch is an internationally competitive manufacturer and Africa's largest manufacturer of unmodified and modified maize starch and glucose products. It is the sole manufacturer of starch and glucose in South Africa, supplying more than 85% of the South African market. With more than 50% of exports going to regional markets, it offers a unique geographic positioning relative to suppliers and customers.

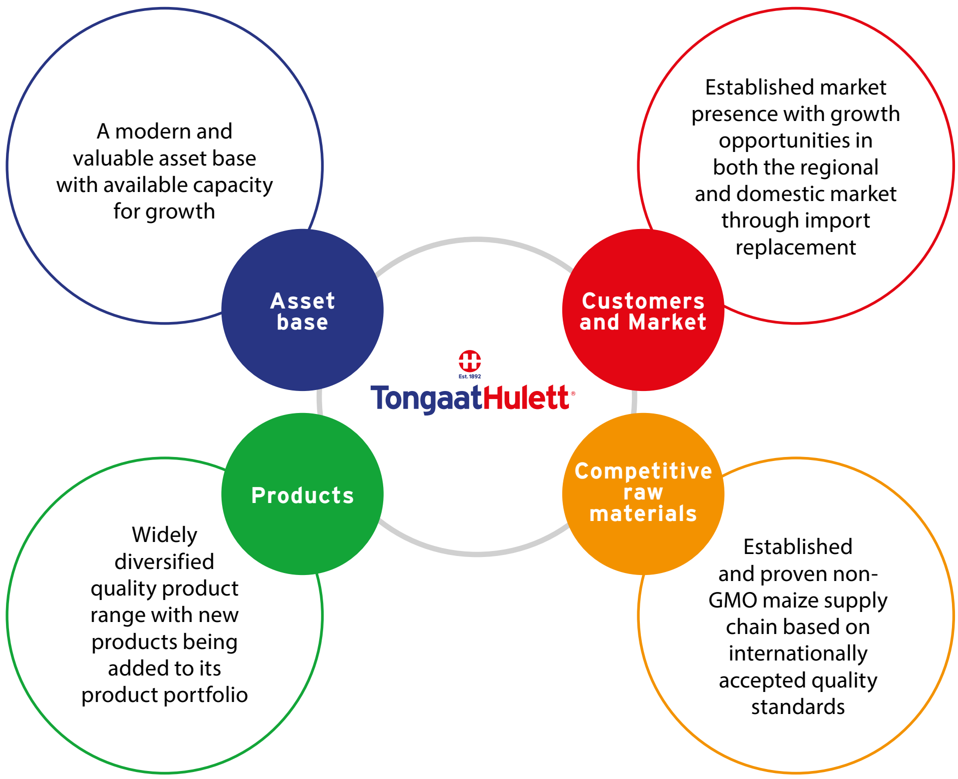
STARCH OPERATIONS

The starch operations have a diverse multinational customer base operating across various sectors, including food and beverages, paper manufacturing, pharmaceuticals, building materials and adhesives.

For more information on the proposed disposal of the starch operation, please refer to the Chief Executive Officer's and Chief Financial Officer's reports.

Tongaat Hulett's starch operation is the largest wet-miller in Sub-Saharan Africa, operating four mills across South Africa, with a combined total installed capacity to mill more than 850 000 tons of maize per annum

OUR COMPETITIVE POSITIONING



Tongaat Hulett's starch operations use predominantly yellow non-GMO maize together with non-GMO white and waxy maize to manufacture its range of starch, glucose (liquid and powdered) and agri-products to the highest international quality standards. Our customer base includes some of the largest companies in the food, industrial and agri-business sectors in both the domestic and international markets.

OUR BRANDS

Amyral® corn starch

Hydex®

Vaalgold® Gluten 60

KEY STATISTICS

664 500 tons per annum of maize converted into starch, glucose and related products (2019: 656 400 tons)

509 100 tons sales volumes of starch and glucose products (2019: 500 400 tons)

>850 000 tons per annum of total installed capacity of maize

181 000 tons per annum of sales of co-products (2019: 187 000 tons)

R7 billion **- R8** billion replacement value of asset base

FINANCIAL METRICS

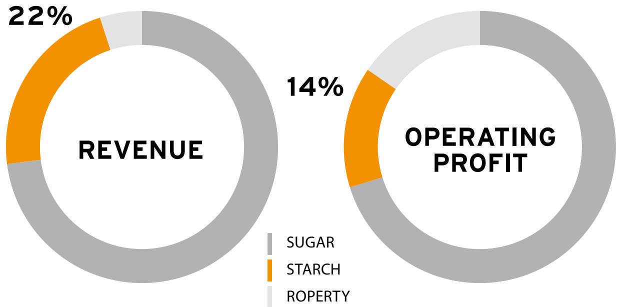
REVENUE

R4.274 billion (2019: R4.008 billion)

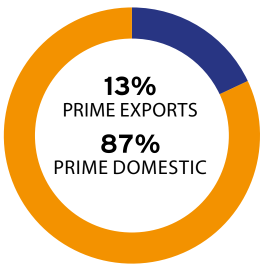
OPERATING PROFIT

R616 million (2019: R656 million)

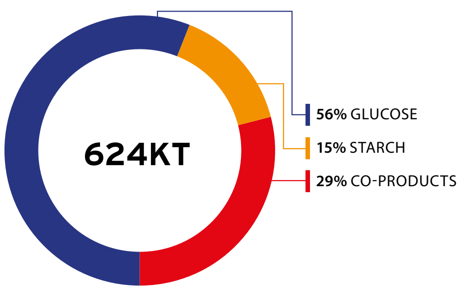
SEGMENTAL CONTRIBUTION STARCH OPERATIONS



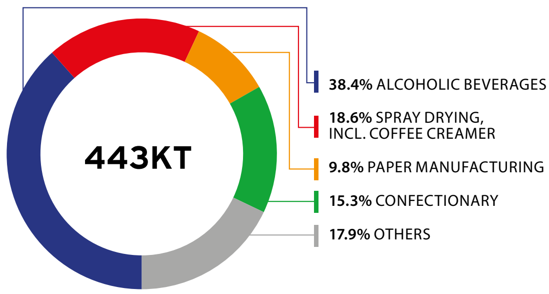
SALES CONTRIBUTION



Domestic sales by product (by volume, FY2020)



Domestic sales (excluding co-products, by volume, FY2020)



STRATEGIC FOCUS AND PROGRESS

Tongaat Hulett's strategy to expand the starch operations and grow its profitability, is premised on improving the utilisation of spare capacity, improving costs and efficiencies, and expanding its markets.

Our starch operation has spare wet-milling capacity available to support its growth in local, regional and export markets and new product development. Wet-milling capacity is typically the most capital-intensive part of the production process and spare capacity provides a platform for modular finishing channel expansion and optimisation.

Recent investments have improved production flexibility and increased installed finishing channel capacity to supply a number of products into expanding market sectors. The starch operation is continuing to pursue its regional strategy of capitalising on our geographical location to regional markets, which have experienced strong growth in the last 5 years through direct exports and indirectly through customer expansion in these markets. In addition, Tongaat Hulett continues to focus on growing modified starch exports into new markets in the Far East and Oceania, where it has established a reputation for the quality of our modified, unmodified starch and glucose products.

INITIATIVES

15% Wet-milling capacity available

- Spare capacity for growth
- Spare capacity for cost-base improvement
- Enhanced production facility

Utilising wet-milling and finishing capacity

- Replacement of maize starch and glucose (powdered and liquid) imports
- Grow modified starch volumes in the local and export markets

Market expansion

- Expand regionally
- Increase exports

OPERATING ENVIRONMENT

During the current financial year, maize prices were affected by a lower 2018/19 maize crop due to reduced plantings and dry conditions in certain maize growing areas. A maize crop of 11.28 million tons was harvested and represents a decrease of 10% relative to the prior season (2019: 12.51 million tons). This resulted in a local maize price that traded at a premium to international prices. The operation mitigates against the risk of higher maize prices through it's hedging strategy. A weaker exchange rate provided some offset to the higher maize prices with improved pricing on competitively priced prime products.

The Government-imposed lockdown on 27 March 2020 did not materially impact sales volumes during the current financial year.

OPERATIONAL PERFORMANCE

Operating profit of R616 million for the year was 6% lower than the prior year, due mainly to the impact of higher maize costs on margins. Increased co-product realisations and the weaker currency provided some offset. The operational performance which was underpinned by an ongoing focus on cost containment, benefitted from an improvement in manufacturing efficiencies.

Sales of starch and glucose increased by 1.7% to 509 100 tons (2019: 500 400 tons) with the domestic sales volumes increasing by 4.2%. Domestic sales volumes benefited from a recovery in the alcoholic beverage sector, continued growth in coffee creamers, from the recapture of imported glucose volumes and customer investment in new capacity in the confectionary sector. Export volumes declined by 12%, adversely affected by the prioritisation of supply to local market, as well as challenging economic conditions in Zimbabwe. Investments to address production down-time and constraints commenced in the latter part of the year.

Co-product revenues benefitted from improvements in sales mix between feedlots and the dairy markets, improved pricing and the weaker Rand.

Operating efficiencies improved, supported by yield recoveries and chemical and gas utilisations.

FOCUS AREAS FOR 2021

Our focus continues to be on strengthening our leadership position in the African starch and glucose market and increasing profitability in the medium term by:

- utilising wet-milling and finishing capacity;
- market expansion and development;
- continuing focus on import replacement program and regional growth;
- developing powdered glucose investment opportunities;
- developing selected “ingredient solutions” for domestic market through partnerships with global players and the supply of products used in ingredient solutions;
- developing opportunities to capitalise on South African waxy maize quality;
- increasing packaging capability and reliability to supply domestic and regional market opportunities;
- improving overall equipment effectiveness across operating units; and
- further diversification of product mix with market share gains in modified starches and powdered glucose.

OUTLOOK

The 2020/21 financial year commenced with the nation-wide lockdown. This has affected the operation’s sales to the alcoholic beverages sector which represent 38% of the business' total domestic sales volumes. This has been partially offset by improved performance in other sectors such as coffee creamer, prepared foods and canning. The operation has undertaken a number of initiatives to rationalise its cost-base under the current operating environment.

The latest maize production estimates forecast a crop of 15.51 million tons for the current season, which is the second highest maize crop on record after 2016/17 and reflects a 37% increase on the 2018/19 maize crop. The large crop will support more competitive local maize prices and improved margins in the business. The operation’s low cost-base and competitive positioning will ensure it benefits rapidly from any increase in demand following the resumption of sales in the alcoholic beverage sector.

PROPERTY OPERATIONS

Tongaat Hulett's portfolio of prime land near Durban and Ballito in KZN, South Africa, has an indicative fair value of R11 billion. This significant portfolio of developable hectares of prime land has the potential to be converted out of sugarcane into urban land as urban development expands and the demand arises. Tongaat Hulett has well-established land development resources, a solid track record and the right processes to realise this value creation process. This will provide the base for significant value uplift through participation in the downstream property development value chain, together with meaningful social impact through stakeholder value creation, social upliftment and job creation. The indicative developed value of this portfolio is estimated at R35 billion.

TongaatHulett Property

PREMIER COMMERCIAL PROPERTY PORTFOLIO

Significant current value with large upside potential

Bulk infrastructure provided by government

DEVELOPABLE VALUE

R11 billion

Indicative fair value for developable land

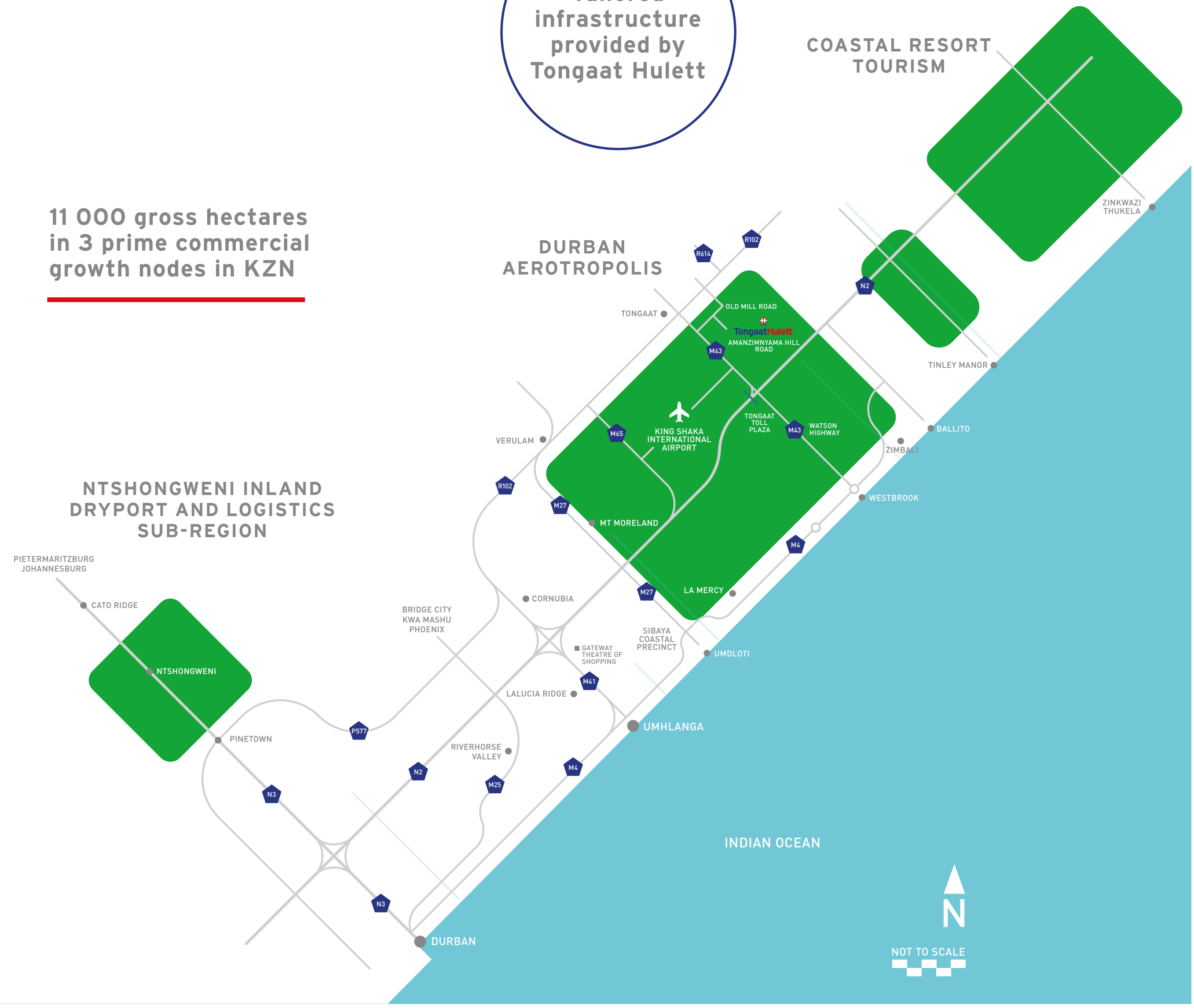
DEVELOPED VALUE

R35 billion

Indicative fair value for developed land

Tailored infrastructure provided by Tongaat Hulett

11 000 gross hectares in 3 prime commercial growth nodes in KZN



Significant upside potential from a prime land portfolio strongly aligned with government's development agenda

STATISTICS

Durban Aerotropolis Masterplan approved in October 2019, with Tongaat Hulett property comprising 16 of 26 development nodes.

275 hectares large land sales

239 000 m² of township properties sales (2019: 380 000m²)

R222 million deals under negotiation

430 000 permanent jobs expected from total land portfolio

FINANCIAL METRICS

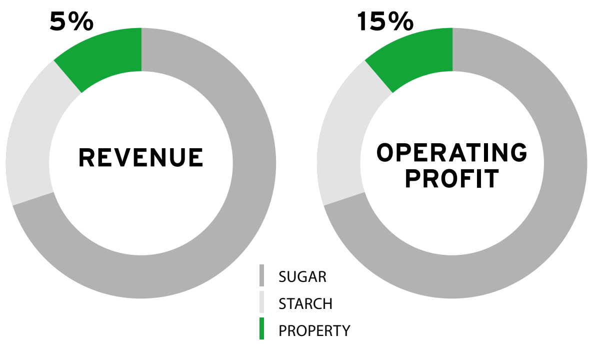
REVENUE

R945 million
(2019: R940 million)

OPERATING PROFIT

R658 million
(2019: R273 million)

SEGMENTAL CONTRIBUTION LAND DEVELOPMENT



CURRENT PORTFOLIO STATUS

The portfolio is fully aligned with government strategic corridor developments, social housing for spatially inclusive development and infrastructure planning and execution cycles to enable effective partnerships.

Geographic diversification of key projects

- Inland Dryport and Logistics around Ntshongweni
- Durban Aerotropolis Smart City Region
- Coastal Resorts, Lifestyle and Tourism

LAND DEVELOPMENT PROGRESS

3 600 hectares
Portfolio formally released from agriculture

1 500 hectares
Portfolio has EIA approval in place

186 hectares
Portfolio has zoning approval in place

OPERATING ENVIRONMENT

COVID-19 is significantly changing our world of work. The pandemic is impacting our business value chain, starting with planning approvals in government departments and public participation, materials supply as well as labour, thus slowing down sales and construction execution. Concentration of our development activities within specific neighbouring communities, facilitate execution of our focused community public partnership approach in managing COVID-19's impact. This ranges from labour source communities to transport to work and workplaces in order to mitigate social impact and improve business continuity.

Government financing of development-enabling capital expenditure on public infrastructure, is also likely to be impacted, as funds are being redirected to fight COVID-19. Tongaat Hulett and developers are participating in the government economic stimulus interventions, including the Sustainable Infrastructure Development Program symposium held in June 2020, and eThekwini Municipality's Economic Recovery Program and in particular the Infrastructure and Construction Stimulus initiative.

OPERATIONAL PERFORMANCE AND PROGRESS WITH EXISTING PROJECTS

The property business underwent significant restructuring, rightsizing, integration and operational alignment with the Tongaat Hulett corporate resources. We focused on restoring trust and relationships with our key stakeholders as we continue to improve our services and operational efficiencies.

KEY MILESTONES

- The Property operation's profits increased notably in the 2020 financial year, with operating profit up 141% to R658 million. Two large land sales in Tinley South (62 hectares) and Sibaya (213 hectares) were finalised in the period, generating revenue of R316 million. New deals concluded and transferred to the purchaser within the period totalled R144 million. Township property sales amounting to the equivalent of 239 000m^2 of new floor area were recognised (2019: 380 200m^2).
- The planning and infrastructure programme focused not only on addressing legacy and new land sales, but also on unlocking servicing approvals and installation and achieving savings through smart project execution. Notwithstanding the fact that most of the planned infrastructure were delayed due to outstanding planning approvals, savings were realised.
- Cost reduction remained a focus in the year, realising savings of R46 million, including infrastructure costs, with retrenchment and once-off costs incurred of R13 million.
- The balance of historic deals concluded but not yet transferred is R312 million. Deals totalling R373 million have been cancelled or revised since 1 April 2019.

Property development is capital intensive and the uncertainty created by the pandemic, banks' caution to fund developments during this time, as well as tenant risk, have caused cancellations or delays in some transactions. Delays in transfers is expected to impact on cash collection, especially in the first half of the new financial year.

Despite these challenges, there remains strong new sales enquiries and transactions in hand, to be pursued. Deals representing R222 million of revenue are currently under negotiation.

STRATEGIC FOCUS

Tongaat Hulett owns a valuable property portfolio which will be leveraged to become a sustainable business with good cash flow, in partnership with others. The focus has moved away from simply selling land to forming partnerships with strategic investors, government and others in order to leverage this asset and generate annuity income streams from the land portfolio.

The strategic goal for the company's property business for the medium-term is to ringfence and sell land stock in active precincts to meet the current market demand and settle legacy infrastructure obligations. Future development of the land portfolio will be consolidated into a new special purpose vehicle, and in the short-term, raise capital and create a long-term earnings platform through partnerships within PropCo. A strategic portfolio to advance spatially inclusive social development, has also been structured to be acquired by the public sector for social development, i.e. housing and amenities.

By creating a diverse empowered property company, linked with a public sector partnership that is strongly aligned with government's development goals, Tongaat Hulett envisages a platform for growth that will enable accelerated development of larger scale projects and inclusive participation in the property value chain for a range of empowerment participants. The business model will, at the same time, provide the opportunity for Tongaat Hulett to raise cash from the sale of equity in PropCo and the sale of non-strategic assets, as well as the ability to create structures that would generate annuity revenue for the group. Tongaat Hulett aims to retain equity in the empowered PropCo in partnership with diverse equity partners, including KZN based participants.

The PropCo assets will be developed in close cooperation with the public sector to achieve accelerated co-development goals through three key projects illustrated below.

Bidders are currently involved in due diligence, albeit COVID-19 delayed. Planning approvals for selected PropCo land parcels are in hand to transition market stock diversity.

For more detail on our PropCo transaction, please refer to the CEO report on page 18.

Inland Dryport and Logistics around Ntshongweni

- Strategic location on N3 Logistics Corridor
- Part of Durban's Inland Dryport Initiative
- Catalysed by regional Mall of the West
- Significant opportunities for diverse mix of residential product, office and business activities
- **1 534 developable hectares**

Estimated value: R2.2 billion

Durban Aerotropolis Smart City Region

- Recently launched by provincial government
- Established platform from uMhlanga economic hub over growing Cornubia
- Integrated Human Settlement to the accelerating Dube Tradeport and King Shaka International Airport
- **6 608 developable hectares**

Estimated value: R8.5 billion

Coastal Resorts, Lifestyle and Tourism

- Unique coastal land with 12km of beachfront
- Great accessibility along KZN North Coast
- Physical and natural attributes provide unparalleled opportunities for coastal resort and lifestyle residential developments
- **3 424 developable hectares**

Estimated value: R0.9 billion

FOCUS AREAS FOR 2021

- Accelerating land sales of remaining stock, driving efficient infrastructure installation program and precinct close out.
- Concluding capital raise program and creating new entity to drive future developments.
- Capability building and transitioning into a diverse, dynamic and inclusive business, delivering value for all stakeholders.

OUTLOOK

While sales in the property market are expected to remain depressed, we have seen resilience in market demand in Tongaat Hulett's property portfolio, which is encouraging. The further implementation of PropCo will be a key focus area for the year, as will initiatives to address outstanding planning approvals to finalise historic land sales and reduce legacy infrastructure obligations. The company is focused on consolidating current projects, closing out the remaining legacy sales transactions, and concluding a number of sales under negotiation.

As we partner with government and other stakeholders to stimulate SED in our region through infrastructure and construction, Tongaat Hulett believes that its land development program continues to have a considerable role to play in the development of the region, in providing well-located, affordable neighbourhoods, job creation and a platform for increased public sector income generation through rates and taxes and local economic development.

NURTURING OUR CAPITALS

Economic, social and environmental transformation continues to redefine what it is to be a responsible corporate citizen. The recent outbreak of the COVID-19 pandemic has further shaken the foundations of businesses' understanding of the environment, risk and opportunity. We approach sustainability as an ecosystem, where we focus on responsible use, protection, and conservation of our capitals. This is underpinned by decisive leadership, a strong value system and disciplined governance. We consistently engage with a broad range of stakeholders and look for opportunities to foster new partnerships between business, government and communities and adopt new and emerging approaches to sustainability.

OUR APPROACH

CHALLENGES ENCOUNTERED IN THIS PERIOD

- Nine fatalities at our operations, of which one was work-related, three non-work related and five related to third-party operators
- Rightsizing of the company
- Forensic investigation into financial practices
- The COVID-19 pandemic and impact of the lockdown

FOCUS AREAS FOR 2020/2021

- Zero fatalities and improved health and safety performance
- Finalising the rightsizing initiatives
- Managing the impact of COVID-19 on our operations and communities
- Further progress with the debt reduction program
- Improving our ability to access attractive and strategically important markets

HUMAN CAPITAL

The 2019/20 financial year was an unprecedented year for Tongaat Hulett, requiring not only a significant focus on cost reduction, the rightsizing and reorganisation of the company, but also agility and decisive action in our fight against the COVID-19 pandemic. Zimbabwe, which employs our largest workforce, faced additional challenges linked to currency instability and hyperinflation.

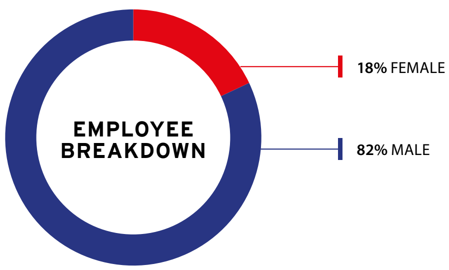
KEY INDICATORS 2020

Improving lives

23 347 Employees (2019: 33 567)

1 352 Graduates (2019: 1 469)

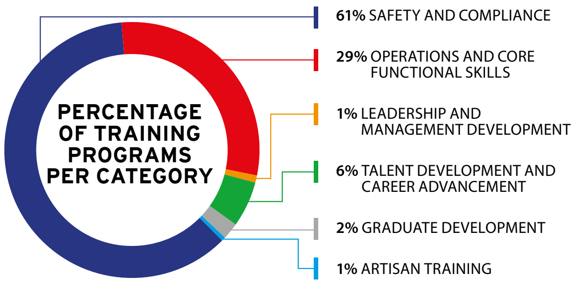
656 Total artisans (2019: 701)



Training

153 588 Training hours (2019: 456 627)

9 331 Employees attended training (2019: 19 585)



KEY INITIATIVES 2019/20

- Rightsized and de-layered structures – headcount reduction of 10 220
- New hires to improve bench strength
- Implemented performance management based on company goals
- Increased internal and external communication
- Redesigned the remuneration policy

FUTURE PRIORITIES

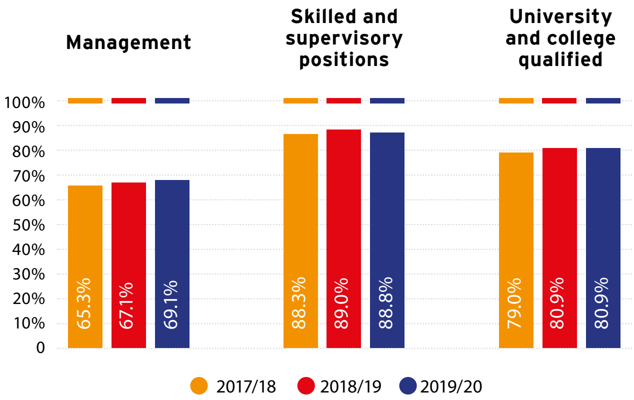
- Rollout of systems and KPI dashboards
- Embedding new values
- Investing in Human Capital analytics to enable data driven people decisions
- Creating a governance capability framework
- Leveraging performance management

KEY METRICS

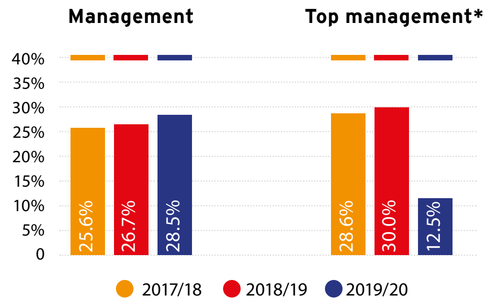
Employee complement

Operating country	Total			Peak season (Oct '19)
	Female	Male	Total	
South Africa	835	2 300	**3 135**	**3 135**
Mozambique	1 210	4 126	**5 336**	**10 708**
Zimbabwe	1 922	11 943	**13 865**	**14 796**
Eswatini	81	550	**631**	**1 114**
Botswana	68	87	**155**	**155**
Namibia	72	153	**225**	**242**
2019/20 Total	**4 188**	**19 159**	**23 347**	**30 173**
2018/19 Total	**6 896**	**26 671**	**33 567**	**41 501**

Black employee representation in South Africa

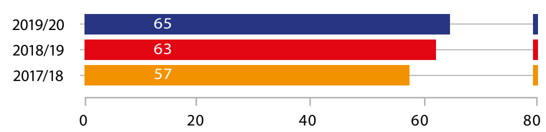


Black female representation in South Africa

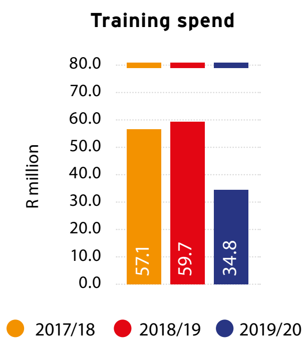


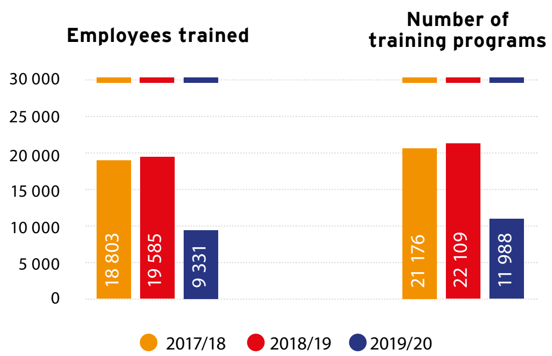
*The definition of "top management" has changed. It now only includes Tongaat Hulett Limited executive committee members, where previously it also included Board members of operating companies.

Employees with disabilities

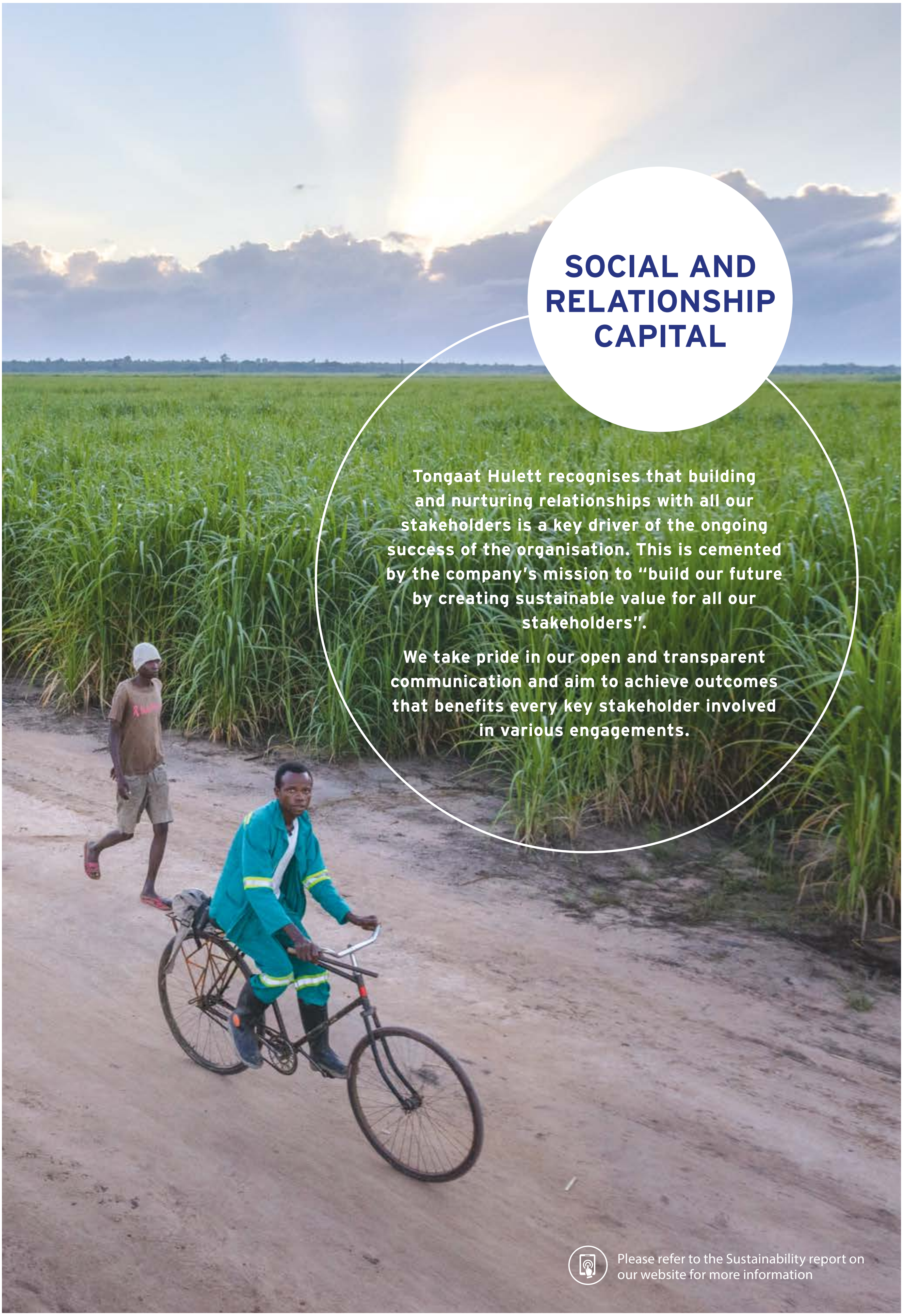


Training





Please refer to the Sustainability report on our website for more information



SOCIAL AND RELATIONSHIP CAPITAL

Tongaat Hulett recognises that building and nurturing relationships with all our stakeholders is a key driver of the ongoing success of the organisation. This is cemented by the company's mission to "build our future by creating sustainable value for all our stakeholders".

We take pride in our open and transparent communication and aim to achieve outcomes that benefits every key stakeholder involved in various engagements.

Please refer to the Sustainability report on our website for more information

KEY INDICATORS 2019/20

R87.9 million spent on SED initiatives
(2019: R197.8 million)

R51.5 million spent on healthcare
(2019: R84.6 million)

R6.2 million spent on education
(2019: R22.6 million)

1 work-related fatality, a reduction on the prior year (2019: 5)

KEY INITIATIVES 2019/20

- Corporate reputation survey across five key stakeholder groups
- Ongoing support for SED initiatives with the quantum adjusted to align with the need to conserve cash within the company
- Human rights review

FUTURE PRIORITIES

- Strengthening stakeholder relationships
- Zero fatalities
- Improved safety performance
- Improving management of human rights

SOCIO-ECONOMIC DEVELOPMENT (SED)

We are committed to the well-being and sustainable development of the communities in which we operate. Consequently, SED is recognised as one of the key components of our overall commitment to sustainable rural and local economic development. The collaboration with our communities, governments and other stakeholders has allowed us to provide meaningful contributions towards the families and communities we impact.

SED spend had to be curtailed to R87.9 million in 2019/20

Healthcare

R51.5 million invested in health-related activities.

Basic needs

Food parcels and hygiene kits procured and distributed during COVID-19 pandemic.

Sports, arts and culture

R7.3 million invested in these initiatives.

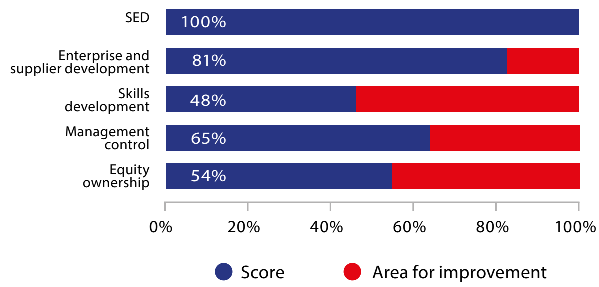
Education

R6.2 million invested in educational initiatives.

B-BBEE IN SOUTH AFRICA

Tongaat Hulett is aligned with the B-BBEE Codes of Good Practice and in the 2018/19 annual verification, a Level 4 status was achieved. The business is currently conducting its final verification for 2019/20 with the outcome anticipated in September 2020. Tongaat Hulett's transformation efforts are closely aligned with national imperatives with an aim of contributing towards the creation of a more diverse and inclusive, socio-economically active society.

B-BBEE Scorecard performance - 2018/19



HEALTH AND SAFETY

Tongaat Hulett's ZERO HARM campaign adopted over the past few years has plateaued, and we have identified a need to change focus. This will be achieved through a move away from a mechanistic and systems driven approach to a culture of safety focusing on influencing behaviour change and enforcing compliance. The new approach will centre around six key focus areas. While this new Safety, Health and Environment (SHE) journey has just begun, the objective is still focused on ensuring the safety and health for all our people as well as looking after the environment within our stakeholder community.

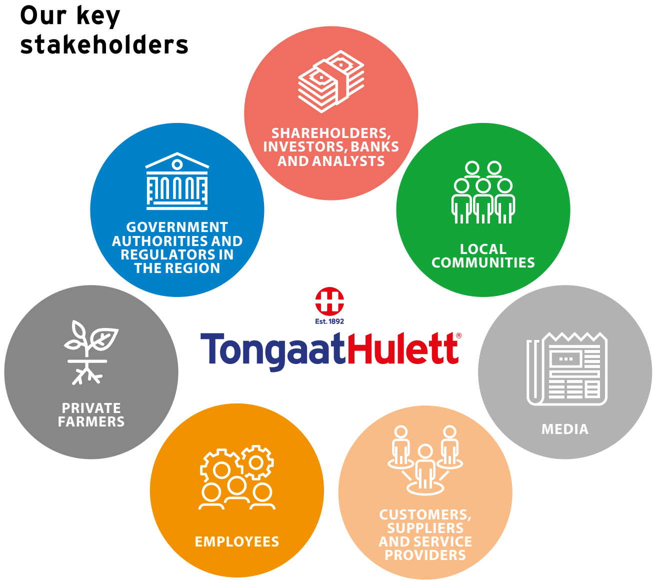
Safety statistics

Safety Measure	2019/20	2018/19	Comment
Lost time injuries (LTI)	**42**	42	Unchanged from previous year
Lost Time Injury Frequency Rate (LTIFR) per 200 000 hours worked	**0.106**	0.087	An increase from the previous year, attributed to decreased employee hours worked, from 96 429 148 hours in 2018/19 to 78 847 926 in 2019/20
Total Recordable Cases Frequency Rate (TRCFR)	**1.13**	1.23	This performance reflects a good improvement considering the decreased number of employee hours worked and accompanied a decrease of both Medical Treatment Cases (MTC) and First Aid Cases (FAC)
Total Injury Frequency Rate (TFIR)	**1.63**	2.04	

STAKEHOLDER RELATIONSHIPS

Stakeholder engagement took on even more prominence in the year under review when the emerging developments at the company, including the strategic and financial review, the PwC forensic investigation and the turnaround initiatives, made it a critical imperative to keep our shareholders, funders and employees, amongst others, fully informed of the details as well as the implications. Throughout the process, we continued to engage in a collaborative process with our debt providers. Our engagement also included key stakeholders such as government at national, provincial and local levels, our private farmers and our communities, to ensure that there was no interruption to the operations of the business. The company has also strengthened communication with customers and suppliers to develop strategic partnerships on various operational platforms.

Our key stakeholders



CASE STUDY

PROJECT KILIMANJARO

HIGHLIGHTS

4 000 hectares being developed to sugarcane

200 new farmer beneficiaries

US$40 million project cost, principally funded by commercial banks on a full cost recovery basis

2 000 direct new jobs created

In the 2019/20 season, private farmers in Zimbabwe delivered 1 050 742 tons of sugarcane to Tongaat Hulett's mills, with an average yield of 69.6 tons/hectare. Our medium to long-term target is to help the 1 070 private farmers supplying cane to the mills to increase productivity on their 22 822 hectares to at least 100 tons/hectare by 2023/24.

In addition to extension services and input procurement support schemes being extended to existing farmers, the company, in partnership with government and local banks, is in the process of developing 4 000 hectares of virgin land to new sugarcane fields through Project Kilimanjaro. A further 200 new farmers will benefit from this project, on a full cost recovery basis, creating some 2 000 new jobs in the process and significant economic opportunities for local contractors and suppliers. Some R309 million has been spent to date with 2 700 hectares of virgin land having been cleared, storage dams and water canals built, water pumps installed and 455 hectares planted to cane.

RESPONDING TO CYCLONE IDAI

HIGHLIGHTS

14-15 March 2019
Cyclone Idai made landfall in Mozambique

75 555 inhabitants of Mafambisse

15 025 inhabitants of Chirassicua in Nhamatanda District

52 553 impacted families surrounding our operations

Cyclone Idai's heavy rains and floods caused significant damage to Mozambique's infrastructure, including the supply of water, electricity, connectivity and road access. Our Mafambisse operations' fields, mill and housing, were significantly damaged and we stood surrounded by a potential humanitarian crisis.

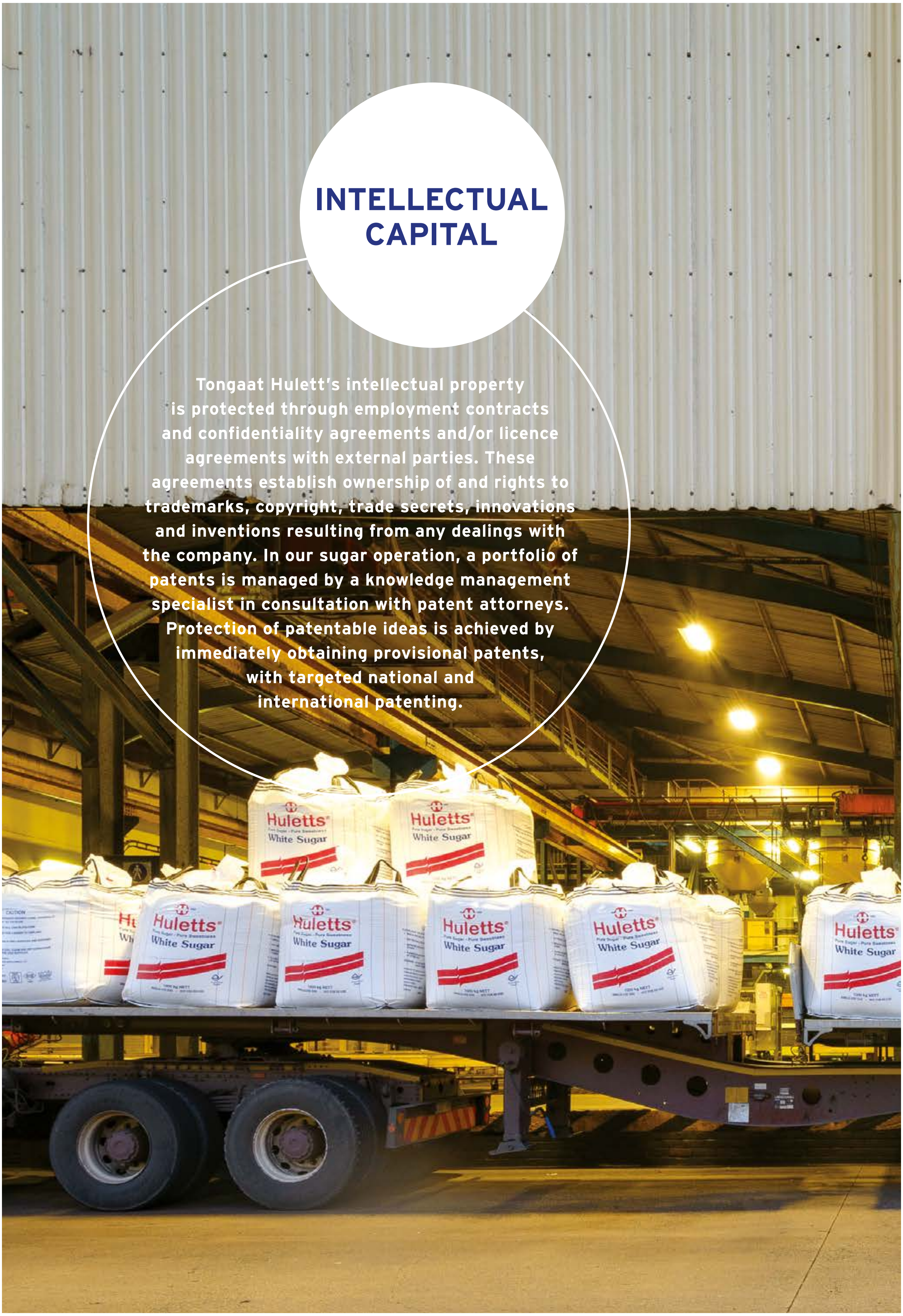
Although Mafambisse had been severely affected by the cyclone and was in the midst of a financial turnaround process, Tongaat Hulett remained at the forefront in the search for solutions for the surrounding communities, in partnership with government and various NGOs:

- Due to shortages of key products in Mafambisse, Tongaat Hulett shipped foodstuffs, building materials to repair severely damaged homes, preventative and curative medication, and mosquito nets to help meet basic needs and protect employees and their families from the expected increased prevalence of waterborne diseases and malaria-carrying mosquitoes.

For more information refer to our
Sustainability report on our website

INTELLECTUAL CAPITAL

Tongaat Hulett's intellectual property is protected through employment contracts and confidentiality agreements and/or licence 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 our 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.



KEY ELEMENTS

- Market-leading brands
- Patents
- Intellectual property

KEY INITIATIVES 2019/20

- Addressing findings of the PwC investigation
- Governance processes strengthened
- Reinvigoration at Board and executive management levels
- Effective engagement with governments on policies and partnerships
- Robust communication with investors and funders to protect the financial capital base
- Implementation of strategic partnerships

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.

Third-party certifications include

OHSAS 18001
NOSA
ISO 22000
ISO 14001
ISO 9001
FSSC 22000

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.

Brands

	Huletts® White sugar Brown sugar South Africa		Blue Crystal® White sugar Brown sugar Botswana
	Non-nutritive sweeteners South Africa		Marathon® White sugar Brown sugar Namibia
	Huletts Sunsweet® White sugar Brown sugar Zimbabwe		Amryal® Hydex® Vaalgold® South Africa
	Voermol Feeds® Animal feeds South Africa		

FUTURE PRIORITIES

- Retention of third-party certification
- Growing market share responsibly through innovation and the development of high-quality products
- Reducing debt levels

For more information refer to our Sustainability report on our website

NATURAL CAPITAL

Tongaat Hulett is a significant user of environmental resources and is committed to the maintenance of important and critical environmental capital stock. We are aware of this responsibility, principled on continuous improvement and are focused on mitigating any negative impact caused by our operations.

PROTECTING OUR NATURAL ENVIRONMENT

97% of waste is recycled

64% of total electricity used is self-generated by Tongaat Hulett's sugar mills

KEY INITIATIVES 2019/20

- Improving water management practices
- Reviewed and updated carbon emissions calculation methodology

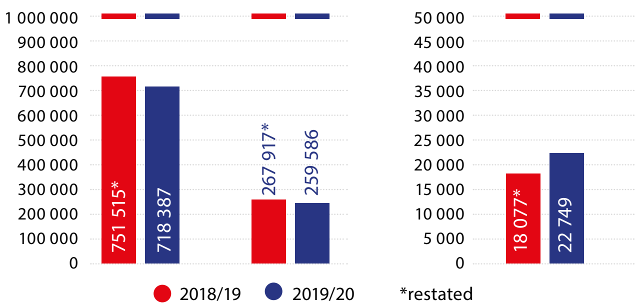
FUTURE PRIORITIES

- Promoting sustainable agriculture
- Energy efficiency
- Emissions reduction
- Smart irrigation solutions

CARBON MANAGEMENT

As part of our carbon management response, Tongaat Hulett does a footprint analysis for each financial year on the basis of Scope 1, 2 and 3 GHG data in compliance with ISO 14064-3:2019. Catalyst Solutions has also provided assurance in accordance to ISO 14064-3:2019. The total emissions for the period under review are shown below.

Carbon footprint (TONS CO_2-e)



SCOPE 1 EMISSIONS

Direct emissions arising from company-owned sources: combustion boilers, furnaces, vehicles and chemical production equipment (tons CO_2-e).

SCOPE 2 EMISSIONS

Indirect emissions from purchase of electricity (tons CO_2-e).

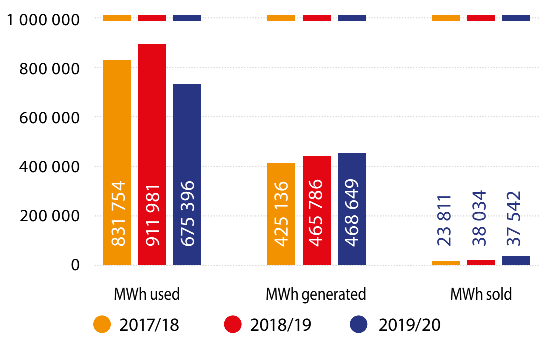
SCOPE 3 EMISSIONS

All other indirect emissions that arise as a consequence of the business' activities - travel, supply chain transport and third-party companies (tons CO_2-e).

ENERGY MANAGEMENT

- 169 205 MWh net consumption (total used – total generated – total exported).

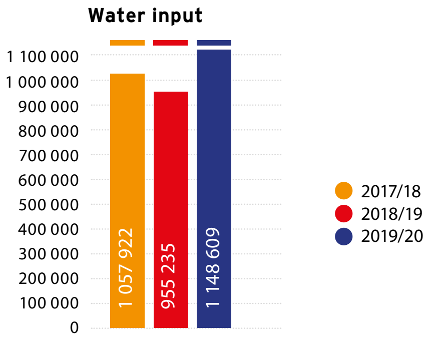
Electricity footprint



WATER MANAGEMENT

Tongaat Hulett continues to play an important role in water stewardships initiatives.

Water footprint (Megalitres)



Increased water usage due to decreased rainfall in Eswatini, the ramping up of the Xinavane refinery in Mozambique and increase area under cane in Zimbabwe.

WASTE MANAGEMENT

The company complies with the requirements for waste disposal, handling and disposal of hazardous waste and or monitoring waste management facilities.

For more information refer to our Sustainability report on our website

CORPORATE GOVERNANCE

Tongaat Hulett is committed to achieve the highest standards of corporate governance, ethical behaviour and accountability.

The group is cognisant of the role that corporate governance plays in delivering good governance outcomes, namely an ethical culture, good performance at a triple context level (profit, planet and people), effective control, trust and legitimacy.

Governance in the Tongaat Hulett is applied in accordance with the requirements of King Code on Corporate Governance (King IV™) as well as within the governance related requirements of the Companies Act, the JSE Listings Requirements and other applicable laws.

Stakeholders will be aware of the legacy ethics issues that were uncovered within Tongaat Hulett during 2019. In the aftermath, a new Board and executive management team were appointed that are committed to re-establishing good governance, an ethical culture and effective control in the business and to restore stakeholders' trust and the group's good reputation. To reinstate appropriate safeguards, Tongaat Hulett has worked closely with all relevant regulators and related institutions and are also fully committed to making those responsible for mismanagement, accountable.

These actions are discussed in more detail in the Chairman's report and the Sustainability report.

The Tongaat Hulett Board of directors plays a pivotal role in effective leadership - setting the tone for ethical behaviour and determining the standards of corporate governance to ensure oversight and control. The Board is also ultimately responsible for setting the strategic direction of the group, ensuring that the necessary structures, processes and policies are put in place to achieve the strategy and establishing benchmarks and key performance indicators to measure the group's performance against its strategic objectives and rebuild the trust of our material stakeholders and hence ensure we protect our social licence to operate. Good governance within the group extends beyond legislative compliance.

In the past year, Tongaat Hulett has implemented various interventions to ensure improvement in the oversight of both the control environment and risk management. This includes the introduction of new Board Committees and splitting the oversight of SHE between two separate Committees namely Risk, Capital and Investment Committee and the Social and Ethics, Health and Safety Committee to ensure improved focus.

COMPANY SECRETARY

The Company Secretary, Mr JJ van Rooyen, is responsible for carrying out all the duties of a Company Secretary as prescribed by section 88 of the Companies Act, King IV™ and the JSE Listings Requirements, which he is appropriately empowered by the Board to fulfil. He is also responsible for overseeing the legal, secretarial, governance, compliance, risk management and insurance functions. Mr van Rooyen holds a B.Proc and MBA, was a practising attorney and legal advisor for 22 years, and is considered by the Board to be suitably qualified to carry out his functions.

All directors have access to the professional services and support of the Company Secretary, inter alia, with regard to legal, corporate governance and compliance matters. In accordance with the JSE Listings Requirements the Board carried out a formal annual evaluation of the Company Secretary's performance during the year under review, which was favourable. The Board also evaluated and concluded that the Company Secretary retains an arm's length relationship with the Board, having regard to the fact that:

- he is not a director or a major shareholder of the company or any of its subsidiaries;
- he is not related to, or in any other manner connected with, any of the directors in any manner which could cause there to be a conflict of interest;
- he is independent from management;
- he does not have extensive executive duties and responsibilities in addition to the core responsibilities of a Company Secretary;
- he is empowered by the Board to act as the gatekeeper of good corporate governance;
- he is not a party to any major contractual relationships which may affect his independence; and
- there are no matters affecting the Company Secretary's ability to, adequately and effectively, perform his company secretarial duties.

The Board concluded that the Company Secretary continues to be competent to perform his duties as such and is a fit and proper person to hold the position.

JSE SPONSOR

Investec Bank Limited is appointed as the company's sponsor, in compliance with the JSE Listings Requirements.

The group is cognisant of the role that corporate governance plays in delivering good governance outcomes, namely an ethical culture, good performance at a triple context level (profit, planet and people), effective control, trust and legitimacy.

APPLICATION OF THE KING IV™ PRINCIPLES

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

LEADERSHIP

Principle 1
The Board should lead ethically and effectively

The Board leads the organisation in accordance with principles based on transparency, accountability, integrity and ethical leadership. A Corporate Governance Manual which includes the Board-approved Board Charter, Code of Business Conduct and Ethics (the Code), Directors' Code of Conduct, Committee terms of reference and established policies and practices creates a framework for effective leadership premised on an ethical foundation. All directors and employees are expected to conduct themselves in alignment with this Corporate Governance Manual. New employees receive induction in the first week of employment and an awareness and training campaign form part of an annual confirmation of compliance.

The Board Charter outlines the policies and practices of the Board on matters such as directors' dealings in the securities of the company and ensure an appropriate balance of power and skills. Directors are required to annually confirm compliance with the codes of ethics and conduct and all employees are required to apply moral standards in their business dealings.

Key focus areas for FY2020

- The company has established an ethics management program which comprises systems and processes such as the relaunched whistle-blowing service, ethics reporting and internal audit reviews which include trends, root cause analyses and reporting on financial impact of ethics violations.
- Significant changes have been made to the Board. These changes have ensured that the appropriate balance of skills, experience, diversity and independence for the Board to discharge its governance role. Four new independent non-executive directors and one executive director were appointed to the Board in the 2020 financial year and two more immediately after year end – David Noko and Louisa Stephens as independent non-executive directors on 1 July and 15 July 2020 respectively.
- All complaints involving the executive directors get escalated to the Chairman of the Board and there is a zero-tolerance for unethical behaviour.
- Board and executive committee strategy sessions to agree the five-year strategy of the business.
- Focus on performance and strategy execution through the newly established Strategy, Transformation and Operations Committee

Tongaat Hulett Sugar South Africa is Proudly South African

Tongaat Hulett is delighted to be part of the Proudly South African (SA) "buy local" movement.

Future focus areas

- Board and individual director efficiency and effectiveness measurements will be implemented in 2021.
- The Social and Ethics Committee will oversee the implementation and monitor compliance with the new Fraud Risk Management strategy as well as the new Anti-Bribery and Corruption program.
- Annual compliance confirmations from all employees to be implemented through a digital Governance, Risk and Compliance (GRC) platform.
- A comprehensive Business Intelligence KPI dashboard of financial and non-financial performance targets has been developed and approved to measure progress against.
- Continue with the governance journey which started in 2020.

ORGANISATIONAL ETHICS

Principle 2
The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board sets the tone of ethical leadership and has delegated to management the responsibility to execute and implement the Code and through the Audit and Compliance Committee and Social and Ethics Committee, exercises ongoing oversight of the effective management of the ethics program, to ensure that an ethical culture is embedded in the organisation.

Tongaat Hulett has set about shifting the corporate culture towards greater personal responsibility, the highest standard of ethical behaviour and a safe environment within which to raise ethical and other concerns.

More detail is provided in the Chairman's report and the Report of the Risk, SHE, Social and Ethics Committee, which can be found in the Sustainability report.

The key elements of the Code include the company's policy on human rights, principles of ethical business practice, conflict of interest which includes a gifts policy and managing relationships with stakeholders (including a supplier code of conduct), anti-competitive behaviour, whistle-blowing mechanisms. It also includes an independently monitored reporting line at all operations across geographic locations, the company's stance against the intimidation/victimisation of whistle-blowers, and anti-corruption policies, amongst others.

Tongaat Hulett's ethics program elements include leadership commitment, governance structures, corporate citizenship direction and focus, codes and policies and effective reporting mechanisms.

More information about staff engagement can be found in the Stakeholder relationships section of the Sustainability report. The Code is available on the website and is referenced in employee and supplier contracts.

Key focus areas for FY2020

- The Board worked with regulators to address the ethics failures of the past.
- Enhancing the governance of ethics by more effective Board oversight, reporting, reconsideration of policies, practices and processes to instil ethics, address instances of unethical behaviour and to change the culture in the group, where necessary. Tongaat Hulett makes use of the Deloitte's Tip-Offs Anonymous service to provide stakeholders across all regions of operation with a vehicle through which to report unethical behaviour. The group also clearly communicates its zero-tolerance approach towards illegal and unethical activities in its engagements with employees, suppliers, regulators and other third parties.

More detail is provided in the Chairman's report and the Report of the Risk, SHE, Social and Ethics Committee, in the Sustainability report.

- A new Fraud Risk Management framework is being developed and will be implemented across the business. This will include a new Anti-Bribery and Corruption policy and procedures dealing with third-party assessments who we will enter with into business dealings.
- A new HR executive was appointed to guide and lead structured culture and change management programs.

Future focus areas

- Ethics awareness training will be rolled out across the business with climate surveys to follow.
- The company will adopt revised policies and codes to enhance an ethical culture with clear expectations and outcomes for all stakeholders.
- Roll-out of new values across the group.

RESPONSIBLE CORPORATE CITIZENSHIP

Principle 3
The Board should ensure that the organisation is and is seen to be a responsible corporate citizen

Tongaat Hulett's responsible corporate citizenship is premised on a broader context and is informed by various initiatives, including the United Nations Global Compact, UN SDGs, GRI Standards, the National Development Plan (South Africa), the Broad-based Black Economic Empowerment Act's Code of Good Practices, King IV™ and stakeholder feedback.

Tongaat Hulett's core values, strategy and conduct are congruent with it being a responsible and ethical corporate citizen, and these include sustainable development; human rights; impact on communities in which the company conducts its operations; protection of the environment; fair labour practices; fair and responsible remuneration; employee well-being and development and public health.

The Board, through the Social and Ethics Committee, oversees and monitors the company's performance and activities relating to its status and role as an ethical, responsible corporate citizen, measured against set performance targets and in line with the company's strategic mission to build our future by creating sustainable value for all our stakeholders.

Tongaat Hulett's medium-term sustainability strategy consists of 12 key parameters that cut across human, natural and social capital. They also require development of a wide range of internal capabilities, all of which build the organisation's resilience and ability to respond to the challenges and uncertainties inherent in today's operational environment. These include compliance, safety, efficiency, ethics and human rights, governance, adapting to a changing regulatory context, a skilled and diverse workforce, and partnership with key stakeholders. The company is in its ninth year of this strategy and continues to evolve and learn in response to feedback from the wide range of partners involved.

Refer to the Sustainability report on the website for more on the sustainability strategy.

We remain committed to contributing towards the wellbeing and sustainability of the communities in which we operate through carefully developed and customised programmes for each locality. The group has further increased its community support in recent months, given the challenges related to COVID-19.

More information about our COVID-19 response is discussed in the Chief Executive Officer's report and the work we do to support our communities and safeguard the environment can be found in the Sustainability Report at www.tongaat.com

Key focus areas in FY2020

- There was a step up in 2020 to enhance our focus on stakeholder engagement and continuous transparency, communication and disclosure to our material stakeholders to ensure that the group regains trust and strengthens its social license to operate.
- An enhanced sustainability framework and strategy was implemented after review of the existing framework.
- We implemented a comprehensive COVID-19 response to ensure the safety of our people and the alleviation of suffering in our communities.
- The company's business decisions and cost reduction efforts have been implemented with a clear objective of minimising negative impacts on employment and staff morale.

Future focus areas

- Our COVID-19 response will be calibrated and managed to address the needs of our employees and communities, while balancing the importance to protect the business and hence the livelihood of our employees, suppliers, customers and shareholders, as the full effect of the pandemic unfolds.
- The company will continue to manage and reduce its environmental footprint and maintain its land for the benefit of the company and society.

Tongaat Hulett has set about shifting the corporate culture towards greater personal responsibility, the highest standard of ethical behaviour and a safe environment within which to raise ethical and other concerns.

STRATEGY, PERFORMANCE AND REPORTING

STRATEGY AND PERFORMANCE

Principle 4
The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

The Board Charter outlines the Board's responsibility for organisational performance by steering and setting the direction for the realisation of the organisation's core purpose and values through its strategy.

The Board constructively deliberates the formulated strategy once a year, taking into account various elements such as risks, opportunities, timelines and parameters and approves the company's strategy annually.

The delegation of authority document delegates to management the responsibility to implement and execute approved policies and operational plans.

Key focus areas in FY2020

- Efforts were focused on creating the right organisational structures, processes and capacity for sustainable value creation.
- Environmental and Health and Safety performance reporting as set out in the Sustainability report.
- Efforts in the past year have been focused on creating the right organisational structures, processes and capacity for sustainable value creation and approve the turnaround strategy and monitor progress against strategic initiatives.
- The Board approved and oversaw the implementation of transformation partnerships covering our sugar and property operations.
- A comprehensive Business Intelligence KPI dashboard of financial and non-financial performance targets has been developed and approved to measure progress against.

More information about our actions in the past year is provided in the Chairman's report, the Chief Executive Officer's report, the Divisional reports as well as the Sustainability report.

Future focus areas

- Development and monitoring of key performance measures and targets for all levels.
- The implementation of a new performance management system for employees to measure performance and setting of goals aligned to support and achieve the strategic objectives of the company.
- Monitoring the execution of operational plans by the Strategy, Transformation and Operations Committee.

REPORTING

Principle 5
The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects

The Board endorses the principles of transparency and accountability in its Charter as well as the Code of Business Conduct. This sets the tone for how the company reports in terms of its strategy, business performance, future prospects and outlook.

The Integrated Annual Report is the company's primary communication tool to all stakeholders of the company, as it provides an overview of the company's financial as well as non-financial performance for the reporting period, with comparative data where applicable. In addition, corporate governance disclosures, sustainability reports, the King IV™ compliance register and Annual Financial Statements (AFS) amongst others, are published on the company's website.

The Board, through the Audit and Compliance Committee, oversees the integrity of external reports. This is achieved by ensuring that the various internal assurance functions and external assurance providers synchronise efforts to provide assurance of key elements of these reports, but also the control environment that support the business and information for internal decision making.

More detail is provided in the Audit and Compliance Committee report on page 05 of the AFS.

Key focus areas in FY2020

- More regular and transparent communication, both at an internal and external stakeholder level, was high on the agenda of the Board.
- An important focus for Tongaat Hulett this year was engagement with our employees, our lenders, the communities in which we operate, our regulators and the market.

Future focus areas

- An Integrated Annual Report session as part of the annual Board strategy session to ensure the governing body has early input into the Integrated Annual Report to enhance the quality of our reporting.
- Develop a group communication plan to centralise investor and stakeholder communication as to ensure consistency and alignment.
- Ensure that all required reports are issued and meet the legitimate and reasonable information needs of material stakeholders.

More information can be found in the Stakeholder relationships section of the Sustanability Report.

GOVERNING STRUCTURES AND DELEGATION

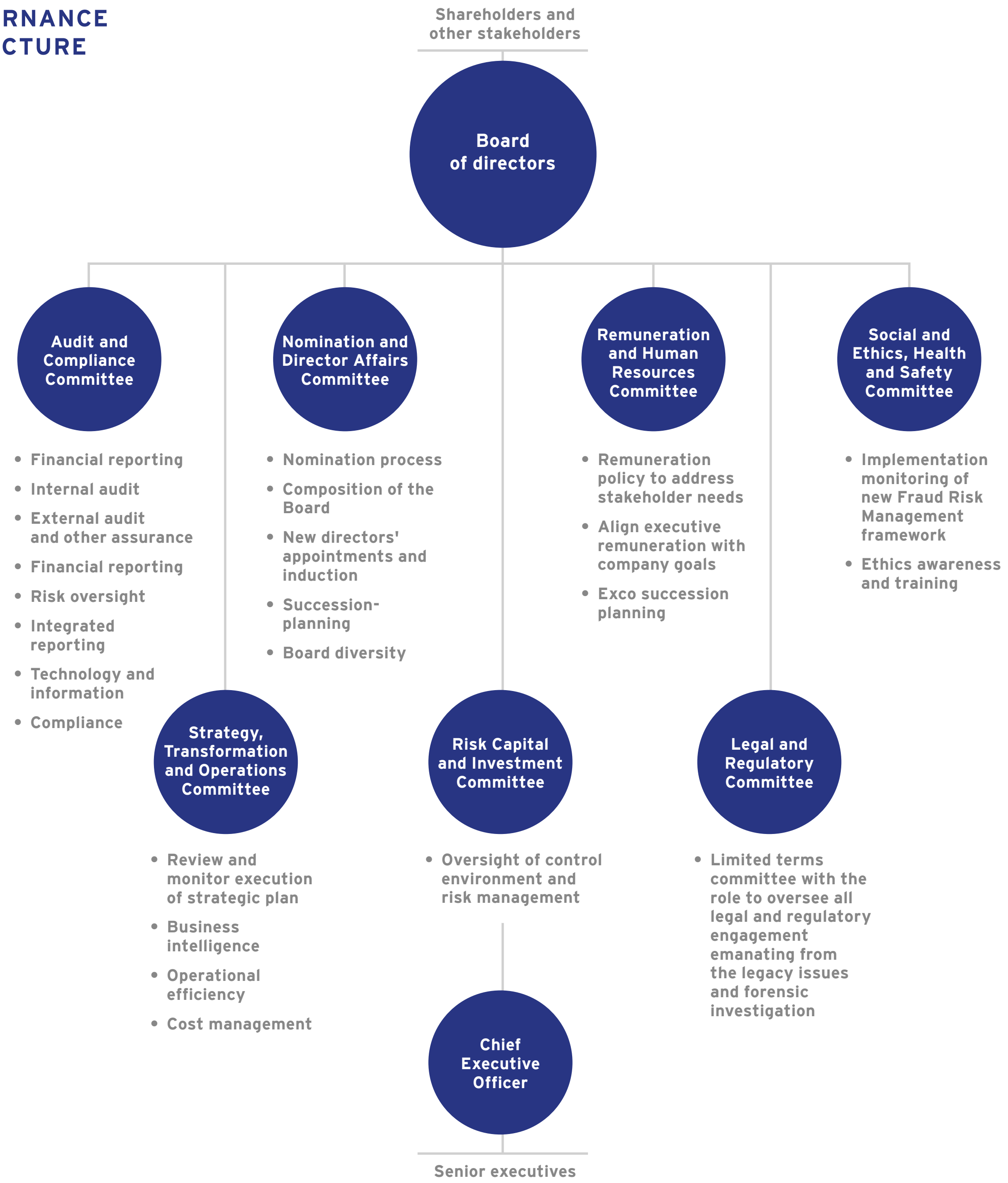
PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD

Principle 6
The Board should serve as the focal point and custodian of corporate governance in the organisation

An appropriate governance framework, with the Board Charter, necessary policies and terms of reference, is in place and approved by the Board to ensure that its role, responsibilities, membership requirements and procedural conduct are documented in a charter that is regularly reviewed to guide its effective functioning.

The Board exercises its leadership role by steering the organisation and setting its strategic direction; approving policy and plans that give effect to the direction provided; oversee and monitor implementation and execution by management and ensure accountability for organisational performance by means of, amongst other, reporting and disclosure.

GOVERNANCE STRUCTURE



Key focus areas in FY2020

- The Board and executive capability and capacity were bolstered by the appointment of the Property Advisory Board to focus on the property business and to advise the Board on the strategy and structure of future property deals.
- The Board scheduled a number of additional and ad-hoc meetings to remain appraised of all developments in the business and in dealing with legacy matters as well as to assist management to deal with key matters and decisions.

Future focus areas

- Conflicts of interest compliance declarations by all employees.
- Internal control self-assessment performed monthly.
- Development of protocol for Committees and any member to obtain independent, external professional advice at the cost of the organisation.

More information can be found under Principle 1 and 2 on page 63

COMPOSITION OF THE BOARD

Principle 7

The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The Board Charter, as well as the terms of reference of the Nomination and Director Affairs Committee, set out the Board's responsibility for its composition, effective functioning, skills requirements, diversity policy at Board level, amongst other key elements.

In accordance with the requirements of the King IV™, and as stipulated in the Charter, the Tongaat Hulett Board comprises a majority of independent non-executive directors. Through the Nomination Committee, the Board ensures that Board appointments are rigorous, fair, and open processes and adequately consider a balance of appropriate skills, knowledge, experience, diversity and independence.

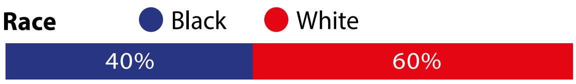
Tongaat Hulett complies with the JSE Listings Requirements paragraph 3.84 with regard to balance of power and authority; appointment of CEO and Chairman process; policy on the promotion of diversity on the Board, and disclosing in the annual report CVs of each director standing for election or re-election.

The Tongaat Hulett Memorandum of Incorporation (MOI) covers the staggered rotation of the Board. New skills and expertise are introduced to the Board regularly, while at the same time retaining valuable knowledge, skills and maintaining continuity.

The graphs below reflects an appropriately diversified Board:

COMPOSITION OF THE BOARD

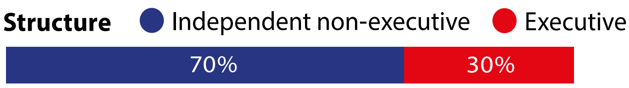
Gender and racial diversity



Directorate age

Tenure diversity

Structure



Key Focus areas in FY2020

- A significantly restructured Board is now in place, as further discussed elsewhere in this report. This was not only to enhance independence, but also to improve the balance of skills, experience and diversity of the Board.
- The Board set diversity targets as required by the JSE Listings Requirements and the Board Diversity policy was amended to reflect those. The voluntary targets set by the Board are as follows: At least 25% of the Board should comprise women. At least 40% of the Board should comprise of individuals from previously disadvantaged backgrounds.

Future focus areas

- In 2021 we are planning to perform a skills audit for the Board as well as independent Board, Committee and individual director assessments.
- Progress with diversity targets as set out in the Board Diversity policy.
- Independence assessments and skills audits will be performed on the Board collectively and individual directors, from time to time.

COMMITTEES OF THE BOARD

Principle 8
The Board should ensure 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 formalised its delegation process to Committees and management through the Board Charter, terms of reference of Committees, and the Delegation of Authority framework.

The Board considers the allocation of roles and responsibilities in the comprehensive terms of reference, with the Nomination and Director Affairs Committee and Board applying their mind on the composition of the various Committees. Each of the Committees has appropriate knowledge, skills and experience to execute its duties as can be seen in the various CVs of the members of the various Committees.

The company complies with paragraph 3.84 of the JSE Listings Requirements with regard to the constitution and roles and responsibilities of the Audit and Compliance Committee, the Remuneration and Human Resources Committee and the Social and Ethics, Health and Safety Committee. A summary of the various terms of reference and details of how several Committees executed their responsibilities are contained in the annual reporting suite.

The Chairman of the Board does not chair any of the Committees and mostly does not serve on the Committees. The executives serve on Committees in some instances, but most of the Committee members are independent non-executive directors.

The attendance register for the new and existing Board and Board Committees below has been split into the two respective half-year periods, for ease of reference:

Period 1 October 2019 - 31 March 2020		Board	Audit and Compliance Committee	Remuneration and HR Committee	Risk Capital and Investment Committee	Strategy Transformation and Operations Committee	Legal and Regulatory Committee
Members serving for both periods	L VON ZEUNER	Chairman: 6/6					2/2
	JG HUDSON	6/6	4/4	1/1	2/2	Attendee: 1/1	2/2
	RD AITKEN	6/6	4/4		2/2	1/1	2/2
	SM BEESLEY[4]	1/6					
	F DANIELS[4]	2/6	2/4				
New members	L DE BEER[5]	6/6	Chairman: 4/4		2/2		Chairman: 2/2
	JJ NEL[5]	6/6	4/4		Chairman: 2/2	1/1	
	RM GOETZSCHE[5]	6/6	4/4	1/1		Chairman: 1/1	
	AH SANGQU[5]	6/6		Chairman: 1/1		1/1	
	DL MAROKANE[6]	5/6			Attendee: 1/2	Attendee: 1/1	

Period 1 April 2019 - 30 September 2019		Board	Audit and Compliance Committee	Remuneration Committee	Nomination Committee	Risk, SHE, Social and Ethics Committee	Restructuring Committee
Members serving for both periods	SM BEESLEY[4]	3/3	4/4			2/2	13/13
	F DANIELS[4]	3/3	4/4			2/2	13/13
	L VON ZEUNER	3/3	4/4			Chairman: 1/2	13/13
	JG HUDSON	3/3				2/2	13/13
	RD AITKEN	3/3					13/13
Resigned members	CB SIBISI[3]	Chairman: 3/3		3/3	4/4		13/13
	J JOHN[1]	1/3	2/4				
	N MJOLI-MNCUBE[2]	3/3		1/3		0/2	
	TN MGODUSO[3]	3/3				2/2	
	SG PRETORIUS[3]			3/3	3/4		
	R KUPARA[3]	3/3	4/4				
	TA SALOMÃO[3]	3/3					

1: Resigned 31 May 2019
2: Resigned 30 June 2019
3: Resigned 30 September 2019
4: Resigned 24 January 2020
5: Appointed 1 October 2019
6 : Appointed executive director 18 November 2019

Key Focus areas in FY2020

- The Board has, after the 2019 year end, established a number of new Committees. These include the Strategy, Transformation and Operations Committee, Legal and Regulatory Committee and the Risk, Capital and Investment Committee.
- The Nominations and Directors Affairs Committee and the Remuneration committee, the Audit and Compliance, and Social and Ethics, Health and Safety Committees remained in place with revised terms of reference.
- The Board appointed the Property Advisory Board, an advisory Board for the property operation which will oversee the overall strategy and execution of the property operation as well as the operating model. The Board appointed four external advisory members, all of which have a significant amount of experience in the property industry.
- The governance structure was reviewed and the various Board Committees, namely the Risk, Capital and Investment Committee as well as the Strategy, Transformation and Operations Committee have been established to ensure focus on strategic opportunities as well as the rightsizing and effective restructure and turnaround of the business. This will better address structural and other risks and capitalise on opportunities.

Future focus areas

- Board skills assessment to ensure that the Board Committees have the appropriate skills and balanced distribution of power.
- Committee analysis to ensure that no duplication of effort is present and clear roles and responsibilities, to ensure a complimentary approach.

EVALUATIONS OF THE PERFORMANCE OF THE BOARD

Principle 9
The Board should ensure that the evaluation of its own performance and that of its Committees, its chair and individual members, support continued improvement in its performance and effectiveness

The new Board was only appointed on 1 October 2019. The Board is fully committed to a formal self-assessment process of the Board and its Committees. Due to the Board being very new no assessments have been done yet.

The Board and the Committee will specifically consider the independence of directors and their other commitments when they are first appointed.

Future Focus areas

- The newly reconstituted Board will initiate its evaluation and that of its committees once settled into their roles at the end of 2020.
- Board training program.
- Director and sub-committee assessments.
- Training and development for all directors including directors of subsidiaries.

Appointment and delegation to management

Principle 10
The Board should ensure that the appointment of, and evaluation of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.

The CEO is appointed by and accountable to the Board and is responsible for the implementation of Board-approved strategy, and for the performance of the executive committee in managing and directing the operations. The performance of the CEO is reviewed by the Remuneration and Human Resources Committee in accordance with set criteria and performance indicators and is accountable to the Board for the successful implementation of the strategy and overall management and performance of the company.

The CEO is accountable and reports to the Board and its various Committees as appropriate. The CEO attends Committee meetings by invitation, and is a member of the Risk, Capital and Investment Committee, the Property Advisory Board as well as the Legal and Regulatory Committee.

The executive committee is chaired by the CEO and is composed of the CFO, and the heads of the major revenue generating divisions, and support functions. The Committee is responsible for the implementation of Board-approved strategy and the identification, management and mitigation of risk in the business. The Committee terms of reference specify limits on the Committee's authority and those areas reserved for the Board.

The Board has moved towards a centralised model in order to address the wrongs of the past. The Board considered appropriate levels of authority and will monitor compliance and execution thereof. Smaller than usual decisions had been moved from the businesses to the executive committee and in other instances from the executive committee to the Board.

Specific matters and responsibilities have been assigned to the CEO, executive committee and subsidiaries in accordance with the Delegation of Authority Framework.

The Board is satisfied that the Delegation of Authority Framework will contribute to role clarity and to an effective arrangement by which authority and responsibilities are exercised.

Focus areas in FY2020

- The delegation of authority framework was reviewed and updated.

Future focus areas

- Roll-out levels of delegation of authority to subsidiary Boards and, Audit and Compliance Committee as well as divisional executives.

The Board is satisfied that the delegation of authority framework will contribute to role clarity and to an effective arrangement by which authority and responsibilities are exercised.

GOVERNANCE FUNCTIONAL AREAS

RISK GOVERNANCE

Principle 11
The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

The Board has direct responsibility for the governance of risk and approves the company's risk policy that gives effect to its set direction on risk. In addition, it approves the terms of reference of the Risk, Capital and Investments Committee that has been delegated with the responsibility to monitor, among others, risk governance.

The Board has 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.

The risk policy and processes confirm the Board's commitment to effective risk management in pursuit of strategic objectives, with risk management practices being embedded in critical business activities and day-to-day key decision making.

The Board exercises ongoing oversight over risk management, with regular reports presented at both the Risk, Capital and Investments Committee and the Board, outlining the company's assessment of risk and opportunities emanating from the triple context in which the company operates.

A detailed assessment on opportunities presented by risks with potentially negative effects is presented to the Risk, Capital Investments Committee, the Board, and included in the CEO's review from time to time.

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 scenario.

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.

Relevant and appropriate disclosures are made in the Integrated Annual Report and in the statutory report of the Risk, Capital and Investment Committee.

Focus areas in FY2020

- Implementation of a new Enterprise-Wide Risk Management (ERM) system and embedding of a new risk management policy, ERM framework.
- Appointment of an experienced Chief Risk Officer.

Future focus areas:

- Review and apply the risk appetite and tolerance for the group and all subsidiaries.
- Implementation across the business and risk committees in all subsidiaries to monitor.

TECHNOLOGY AND INFORMATION GOVERNANCE

Principle 12
The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

The Board has direct responsibility for the governance of technology and information and approves the company's policy and charter that gives effect to its set direction on technology and information governance. In addition, it approves the terms of reference of the Audit and Compliance Committee that has been delegated with the responsibility to monitor technology and information governance.

Internal and external auditors perform assessments as part of their audit on technology and information management and related controls, with reports to the Audit and Compliance Committee.

Focus areas in FY2020

- The Board identified Information Technology as an area that needed a significant amount of attention.
- Appointment of an experienced Chief Information Officer in June 2020.

Future focus areas

- Information security and data protection policies will be reviewed and implemented to ensure ethical and responsible use of technology and information, in compliance with applicable laws covering the collection and use of data of employees, suppliers and customers amongst others. The company will review its business resilience arrangements and processes in place and ensure the appropriate BCP and disaster recovery and testing processes are in place.
- The reconstituted Board is not yet comfortable as to whether the information and technology strategy namely IT infrastructure, common platforms and information security, with specific focus on cyber resilience, and whether IT governance is functioning at an appropriate level. This will be a focus of both the Audit and Compliance as well as the Strategy, Transformation and Operations Committees in the 2021 financial year and onwards.

COMPLIANCE GOVERNANCE

Principle 13
The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

The Board Charter and Compliance Policy highlight the responsibility of the Board for the governance of compliance with applicable laws, non-binding rules, codes of good governance and standards.

The company adheres to non-binding codes and complies with applicable standards that impact financial statements, all of which are discussed by the Audit and Compliance Committee.

Key legislation and regulations have been identified as key legal compliance risk areas and receive ongoing management focus, with regular updates to the Board. We also comply with our MOI.

Compliance with environmental regulations is discussed at every meeting of the Social and Ethics Committee, with a report provided to the Board.

Focus areas in FY2020

- The reconstituted Board is not yet comfortable as to whether the compliance culture is satisfactory, and if appropriate policies, processes, structures and reporting are in place and adhered to in this regard. This will be a key focus area of the Audit and Compliance Committee in the 2021 financial year and onwards.
- Legal compliance systems are being put in place and monitored and improved regularly to mitigate the risk of non-compliance with laws. The Compliance Policy highlights the delegation of the responsibility for implementation and execution of effective compliance to management.

Future focus areas

- The Audit and Compliance Committee will review the current policies and processes to ensure sufficient compliance.
- Regulatory universe to be compiled to understand the regulatory landscape and to allocate high risk areas to the applicable Board Committees.
- To focus on the assurance to be provided

REMUNERATION GOVERNANCE

Principle 14
The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term

Through the Board Charter and the terms of reference of the Remuneration and Human Resources Committee, the Board sets out its responsibility for the governance of remuneration on a company-wide basis. The Board also approves the remuneration policy to ensure that the company's practices are fair, responsible and transparent.

The terms of reference of the Remuneration and Human Resources Committee highlight the philosophy and policy of the Committee, aligning the performance and fair reward of executives with the company's commercial success and sustainability.

The company has formalised a remuneration policy with the following objectives:

- Attracting, motivating and retaining high calibre talent within market benchmark pay levels;
- Fair reward for performance;
- Motivating executives to achieve the company business plan, strategy and budget;
- To promote the positive outcome of creating a strong performance-orientated environment and alignment between employee and shareholder interests; and
- To promote an ethical culture and responsible citizenship.

The company will table both the remuneration policy and implementation report for separate votes by shareholders as required by King IV™ and paragraph 3.84(k) of the JSE Listings Requirements at the 2020 AGM, and will appropriately engage where there are dissenting votes of more than 25%. This has been reported on as appropriate in the background statement of the subsequent remuneration report included in the Integrated Annual Report.

Focus areas in FY 2020

- A revised remuneration policy was approved by the Board in June 2020, to address shareholder concerns and align newly appointed executives' remuneration and incentives with the goals of the company and ensure retention. This policy will be cascaded down to the next layer of management and throughout the organisation in the short-term.

More information on the remuneration policy and philosophy and future focus areas is available in the Remuneration Report on page 77

ASSURANCE

Principle 15
The Board should 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.

The Board has delegated the responsibility of the arrangements relating to combined assurance and for external assurance services and internal assurance functions to the Audit and Compliance Committee. The arrangements serve to achieve oversight to ensure an effective internal control environment, supporting the integrity of information for internal decision-making by management, the Board and its Committees, and the integrity of external reports.

The Tongaat Hulett combined assurance plan, still in the making, will aim to provide a framework for various assurance providers to work together to provide assurance to the Board, that taken as a whole, support the objective of assurance.

Through the Audit and Compliance Committee, the Board has ensured that internal audit has the necessary skills and is adequately resourced to perform its functions given the risks faced by the company. The Audit and Compliance Committee reviews the scope and coverage of the internal audit function. The function is outsourced to KPMG, headed by an in-house Chief Audit Executive (CAE). The position of CAE is set up to function independently from management and carries the necessary authority. A new incumbent to this position, with significant internal audit and industry skills, was appointed in May 2020.

Focus areas in FY2020

- Address the internal audit structure and operating model and the internal audit plan and reporting
- Appoint people in key second line of defence positions and further. Namely:
  - New Chief Audit Executive appointed after year end
  - New Chief Risk Officer appointed after year end
  - New Compliance Manager – October 2020
  - New Chief Information Officer appointed after year end

Future focus areas

The Combined Assurance plan and framework is being developed and will consist of various layers of defence, being: management and the organisation's specialist functions and subject matter experts; the internal audit function supported by its service provider KPMG; external auditors who provide the necessary assurance on various aspects including the AFS, and other external assurance providers such as those that provide assurance on sustainability elements.

Through the Audit and Compliance Committee and the Risk, Capital and Investment Committee, the Board will ensure a robust process for the company's combined assurance matters, and the integrity of the information and reports, as well as the degree to which an effective control environment is achieved.

The focus will be on working on how the internal assurance services (lines of defence) and external assurance providers start working together off the same risk assessments and to give assurance on the important risk areas.

STAKEHOLDER RELATIONSHIPS

STAKEHOLDERS

Principle 16
In the execution of its governance role 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.

The Board is responsible for the governance of stakeholders, and the terms of reference of the Social and Ethics Committee articulate this responsibility.

The company has a comprehensive stakeholder engagement framework that is regularly reviewed by the Social and Ethics Committee and there is detailed disclosure in the Sustainability report.

Through the Social and Ethics Committee, the Board reviews the company's methodologies for identifying and ranking the individual stakeholders, and at each Committee meeting, operations highlight their top stakeholders, their risks and mitigation actions. Stakeholder workshops with appropriate registers are maintained to ensure ongoing monitoring of the stakeholder relationships.

Proactive engagement with shareholders takes place through the AGM. In addition, the CEO, CFO, Executives and the Investor Relations manager interface regularly with institutional investors on key strategic themes through various presentations and scheduled meetings as part of the company's investor relations program.

Focus areas in FY2020

- Corporate reputation survey across five key stakeholder groups
- Support for SED initiatives with the quantum adjusted to align with the need to conserve cash within the company
- Human rights review

Future focus areas

- Develop a more formalised and proactive stakeholder engagement framework
- Assign stakeholder engagement responsibilities to executives
- Formalise reporting on engagement to the Board

Please refer to the Stakeholder relationship section in the Sustainability report for more information.

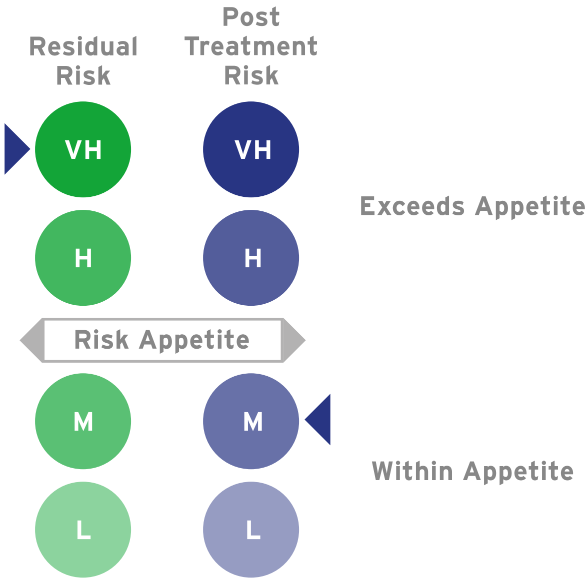
RISK GOVERNANCE

Tongaat Hulett's risk management objective is to ensure the proactive identification, understanding and assessment of risks. Significant progress has been made in the development of a fit for purpose risk management process, streamlined to the group's requirements. At all times, the risk approach aims to be pragmatic and value focused. This is achieved through the integration of robust risk assessments as part of the routine decision-making process. A zero-based approach was adopted in identifying the group's top 14 risks. For Tongaat Hulett, risks entail both negative (threat) and positive (opportunity) exposures. Response plans have been developed and implemented and are being monitored on an ongoing basis.

To ensure accountability and the effective governance over risk management, a Risk, Capital and Investment Committee (RCIC) was established. A sub-committee of the main Board, the RCIC's risk-focused responsibilities includes the approval and annual review of the risk policy and framework, monitoring of the company's dynamic risk profile and its exposure to diverse risk types. The Committee reports its findings to the Board.

The Committees detailed terms of reference can be found at www.tongaat.com

The group's risk appetite remained appropriate, based on the maturity of the business. The adopted guideline helps ensure the speedy identification of major risk events requiring attention. The figure alongside depicts a risk that exceeds the group's appetite and then comes within appetite on a post treatment basis. Group risks are classified as Low (L), Medium (M), High (H) and Very high (VH).



As the risk process evolves, a more quantitative approach to the determination of the risk appetite will be applied. The group's VH threats and opportunities by residual score are presented in the table on the next page, with high-level response plans for each.

Future areas of focus in relation to the risk process are:

1. Further entrench the use of risk assessments as part of the group's routine decision-making processes.
2. Develop both a top down and bottom up view of the key risks and address misalignment.
3. Enhance the three lines of defence model to ensure early identification of risk exposures.
4. Develop and mature the combined assurance plan.
5. Establish fit for purpose risk reporting through the use of dashboards and structured deep dives.

Management and the Board are satisfied that the group's risks are being responded to adequately to ensure that desired outcomes are achieved.

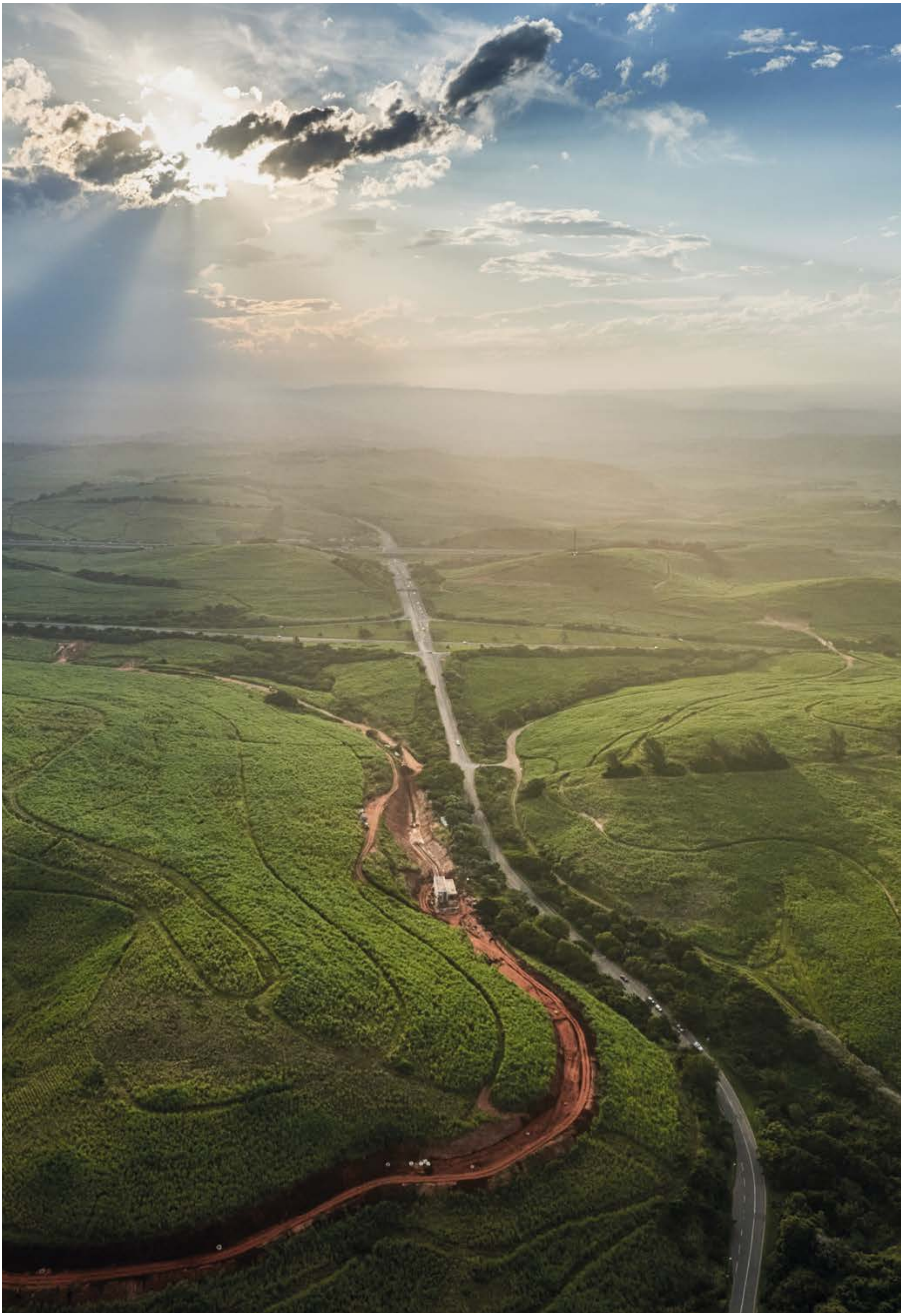
Top Risks 2020

#	Strategic Objective	Risk type	Capital	Risk description	
1		Threat	Financial	Inability to improve financial standing.	
2		Threat	Natural	Property operation unable to optimise and leverage off revenue due to legacy issues.	
3		Threat	Manufactured	Lack of group preparedness for a major disruptive event.	
4		Threat	Manufactured	Interruption of supply of raw materials.	
5		Threat	Manufactured	Age and condition of current assets with limited funding available for reinvestment in assets.	
6		Threat	Intellectual	Inability to extract maximum value and continue to evolve IT infrastructure and management information systems.	
7		Threat	Intellectual	Non-compliance with key legislation and regulations governing core operations.	
8		Threat	Human	Inadequate talent capability and capacity at group and operational level.	
9		Threat	Natural	Property developments not in alignment with government national and provincial plans.	
10		Threat	Intellectual	Inconsistent stakeholder management.	
11		Threat	Social	Not meeting sustainability objectives as outlined in the six capitals of value creation.	
12		Threat	Natural	Uncertainty surrounding government's policy position on sugar (including Zimbabwe and Mozambique).	
13		Opportunity	Manufactured	Diversification of product offering.	
14		Opportunity	Manufactured	Expand market footprint in key sectors.	

KEY Rightsize and fix fundamentals Drive efficiencies Create a platform for sustainable growth

	Residual risk rating		Next steps	Post treatment rating	
	VH	Very high (exceeds appetite)	1. Conclude sale of starch and glucose operations. 2. Deliver on the sale of non-core assets. 3. Finalise group restructuring initiatives.	M	Medium (within appetite)
	VH	Very high (exceeds appetite)	1. Align government planning and infrastructure approvals with land sale obligations. 2. Conduct ongoing monitoring of socio-political environment and land use demands. 3. Progress installation of infrastructure to fulfil contractual commitments and reduce the R1.3 billion obligation.	M	Medium (within appetite)
	VH	Very high (exceeds appetite)	1. Revisit business resilience road map, policy and framework. 2. Verify high risk disaster events and assess adequacy of existing plans. 3. Enhance and test said response plans.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Finalise land lease contracts for foreign sugar operations. 2. Articulate risk appetite and identify potential maize transformation initiatives. 3. Finalise go/no-go decision on maize derivatives.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Enhance preventive maintenance metrics and reporting. 2. Revisit existing group-wide asset replacement strategy and enhance where necessary. 3. Optimise use and payback on IT maintenance modules.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Revisit long term IT roadmap and investment plan to support. 2. Finalise the set-up a Project Management Office (PMO) structure and align to key initiatives. 3. Evaluate technology shortcomings and business process standardisation.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Rollout the revised compliance manual and guidelines as well as compliance plans for key legislation by country. 2. Finalise implementation of quarterly compliance reporting.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Finalise HR restructuring and ensure alignment with group objectives. 2. Revisit people development program and establish for success. 3. Finalise implementation of plans for high-potential, affirmative action candidates. 4. Improve existing internal communication strategy.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Align activities with provincial growth and enhancement strategy as well as corridor developments. 2. Conclude strategic partnerships with provincial and local government. 3. Ensure early commencement of planning and alignment with sales contracts. 4. Prioritise remedial actions in regards to debtors, legacy sales conditions and obligations.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Implement enhanced communication and stakeholder management plan.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Appoint qualified sustainability consultants to assist with compliance and the embedding of best practice.	M	Medium (within appetite)
	H	High (exceeds appetite)	1. Finalise sugar master plan specifics and continue participation. 2. Proactively monitor impact of anti-competitive regulations body and the potential disbanding of various industry bodies.	M	Medium (within appetite)
	M	Medium (need to enhance)	1. Investigate the production of alternative sugar products such as ethanol, bio-packaging and animal feeds. 2. Finalise upgrade of starch wet-mills and boilers. 3. Explore additional glucose production capacity.	L	High (optimised)
	M	Medium (need to enhance)	1. Realise sugar opportunities in countries with higher sales margins, e.g. Kenya. 2. Maximise production of refined sugar and improve refinery utilisation. 3. Create visibility of maize supply through improved BI reporting for both internal and external use. 4. Diversify maize sales and market mix as well as maltodextrin opportunities for foreign customers.	L	High (optimised)

Build capability in people and processes



REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

Dear Shareholders

On behalf of the Board of directors and the Remuneration and Human Resources Committee (Committee), I am pleased to present the remuneration report (the Report) for 2020. Despite the challenges we continue to face, our Committee's focus remains to ensure that the remuneration structure at Tongaat Hulett drives value creation for our shareholders, provides a remuneration structure that fairly and adequately compensates and motivates our executives and staff and strives to adhere to best-practice corporate governance standards.

In the past year, I have appreciated the opportunity to engage directly one on one telephonically with many of our shareholders, to receive their feedback and to discuss their insights on detailed remuneration matters in the spirit of co-creating policy and practice. During these conversations we discussed changes that could be made to our remuneration structure to increase shareholder alignment and the turnaround of the business. We also discussed ways in which we could simplify the presentation of the Report to create greater clarity for you, our stakeholders. We have taken your recommendations to heart and trust that our latest Report will satisfy the majority of your requirements.

This Report outlines the policy and implementation details of the remuneration of executive committee members (Exco), management, non-executive directors and at a high level, other employees of Tongaat Hulett.

OUR PERFORMANCE

In 2019, Tongaat Hulett faced significant financial distress with a high debt burden, poor operating performance and pervasive accounting irregularities which led to trading in Tongaat Hulett shares being suspended on the JSE. Our lender group is large and complex, and with a debt of R12 billion and equity of R2 billion at the time, they have effectively been in a standstill arrangement since February 2019 for a debt-type return. The extent of the debt would not allow the company to trade out of this position within a reasonable time frame, and consequently Tongaat Hulett agreed to reduce its debt by R8.1 billion through asset disposals and/or an equity raise, with the opportunity to vote on these transactions being extended to shareholders. Balancing the expectations of lenders and shareholders has been challenging and the company is mindful that some shareholders hold the perception that their interests have been subordinated to lenders, and they have voted accordingly against the remuneration policy. Within this context, turning the business around required the dedicated and sacrificial commitment of the leadership team, management and employees and our "business unusual" remuneration policy has been tailored to specifically reward and incentivise those key and critical employees who have been tasked with executing a turnaround strategy, as well as those delivering improved operational performance. Notwithstanding the fact that our sugar and starch operations are essential services, the COVID-19 pandemic has added another layer of uncertainty and complexity to our business operations, particularly as it applies to incentive awards.

Taking all matters into consideration, the Board has decided that the calibration of forward looking performance conditions is too challenging in the current climate and that it is inappropriate to make Long-term Incentive (LTI) performance awards in FY2021 and will defer a decision to the next annual incentive award cycle in FY2022 in the hopes of the company and financial markets returning to a more stable state. The remainder of our incentive structures (short-term cash bonus and mandatory bonus deferral, awarded as bonus shares) will continue to be made in accordance with our remuneration policy.

REMUNERATION FOR THE YEAR UNDER REVIEW

The decision to adjust guaranteed pay was made because no increases were granted in the previous period following significant rightsizing and restructuring, particularly at management levels. The adjustment was guided by consumer price inflation in the respective countries in which the company operates. The Exco and various Board members donated a portion of their remuneration to the Solidarity Fund to help support South Africa's health and welfare response to the COVID-19 crisis.

Our variable pay, namely our turnaround incentives which were shared with you in our 2019 report, also resulted in payments to our Exco and management. These targets were set within the "business unusual" context and were delivered upon by the participants. The aim of these incentives was to address the turnaround strategy of the company during the "business unusual" times, when the setting and calibration of conventional performance conditions were inappropriate and during times when debt reduction and operational cash flow improvements were imperative. The Committee recognises that these incentives had a heavy focus on the lenders, but as explained above, this was considered a necessity for the survival of the business at the time. As we move out of a "business unusual" environment, we will be transitioning to the use of our conventional incentives which were designed during 2019/20 – these "business as usual" incentives are set out in part 2 of this report.

ANNUAL INCREASES

South Africa

• Exco	4.00%
• Senior and middle management	4.75%
• Other employees (not covered by collective bargaining)	5.50%
• Collective bargaining unit:	
Starch	6.00%
Sugar	4.75%

Other Operations

• Country specific	CPI

TURNAROUND INCENTIVES

The detailed outcomes of the turnaround incentives against the targets are set out in part 3 of this report, but in summary, the turnaround incentives yielded the following results:

PART ONE of the turnaround incentive comprises of two parts:	**Outcomes**
Part A measures the reduction of our debt levels from R12 billion to a sustainable level, measured at various milestone dates over the period 1 April 2019 to 31 March 2021.	The first of these milestone dates has been reached and resulted in the maximum outcome according to the target set. The full R500 million debt reduction target was met.
Part B measures operational enhancement and cash flow improvements of R3 billion over two periods; 1 April 2019 to 31 March 2020 and 1 April 2020 to 31 March 2021.	The first performance period of Part B has come to an end and yielded a maximum outcome for cash flow improvement of R1.573 billion against the stretch target set of R910 million.
PART TWO comprises the normal annual short-term incentive (STI) with a combination of corporate and operating company performance conditions relating to specific turnaround initiatives, as well as personal performance.	The 2020 STI targets resulted in outcomes between threshold and stretch depending on the performance of the operating entity.
PART THREE was intended to be the LTI namely the conditional share plan (CSP) adopted at the previous Annual General Meeting (AGM)	The Committee decided, after extensive deliberations and taking on Board the feedback we received from shareholders, not to make any LTI awards during times when the meaningful calibration of performance commitments was not possible.

Tongaat Hulett has made substantial progress in the past year in its efforts to turn the business around.

These efforts are discussed in detail in the Chief Executive and Chief Financial Officer's reports.

The Board and Committee is of the opinion that, as a result of the actions by the executive team, the business is in a much stronger position to grow going forward. We are satisfied that the targets set as the first phase of the turnaround strategy have been met and exceeded by the executive team and that the incentives allocated have been well-earned.

None of the performance conditions attached to the old Long-term Incentive Plan (LTIP) and Share Appreciation Rights Scheme (SARS) whose performance period expired in 2020 were met, given the financial difficulties experienced by the business. Thus, the payments in terms of the turnaround incentive, as outlined above, constituted the entire variable pay amounts for the reporting year.

The non-executive director (NED) fees were restructured on a fixed fee basis instead of a retainer and attendance fee and have been temporarily benchmarked at the 75th percentile using two revised comparator groups, which reflect the company's size pre and post the disposal of the starch business. This market position is a deviation from our stated remuneration policy of paying NEDs' fees at the median and was specifically selected to recognise the complexity of the issues currently being dealt with by the Board and sub-committees. The recommendations will be submitted for shareholder approval at the forthcoming AGM. The reason for moving to a fixed fee basis is to contain meeting costs during a time where many additional meetings are required to steer the business through the "business unusual" times. At the 75th percentile, the actual fees to be earned by the NEDs will be reduced by approximately 30% with the change to a fixed fee. We believe this will ultimately control the fees of the NEDs in a more effective manner.

NON-EXECUTIVE DIRECTOR FEES

- **Fixed fee instead of a retainer and attendance fee to contain meeting costs**
- **Temporarily benchmarked at the 75th percentile**
- **30% reduction in actual fees to be earned**

SHAREHOLDER VOTING AND ENGAGEMENT

The Committee considers regular shareholder dialogue imperative. Although there was marked increased support for our policy, the support for the implementation report remained largely the same. This is due to historic remuneration matters that had to be dealt with during 2019.

As a result of the voting outcomes, the major shareholders of the company were approached individually, via teleconferences and during normal shareholder engagements, to address their concerns. We value the input to assist us in implementing a balanced remuneration policy that addresses the needs of all stakeholders. The table adjacent discloses a summary of the key concerns raised by shareholders and the corresponding actions taken in response.

VOTER SUPPORT FOR REMUNERATION POLICY

2019: 72.28%
2018: 40.64%

VOTER SUPPORT FOR IMPLEMENTATION REPORT

2019: 58.28%
2018: 59.56%

Shareholder feedback	Committee feedback and action taken
The nature of the CEO's contract suggests a potential flight risk and decision making detrimental to the longer-term interests and sustainability of the business.	The CEO's five-year fixed-term contract (terminating in February 2024 and entitling the parties to negotiate a renewal whilst having no expectation) was negotiated by the previous Chairman. Although it was impractical (and inappropriate) to make any LTI awards to the CEO during the year under review as a result of the extended closed period and the impossibility of setting appropriate performance targets, the Committee believes the turnaround and other incentive structures are sufficient to keep the CEO engaged and locked in for the period. The current Chairman has consulted with the CEO over the notice period and the parties have amended the notice period from 1 month to 3 months. The introduction of a minimum shareholding requirement for an employee on a fixed-term contract makes no practical sense. Additional ways of aligning the CEO's interests with the company are under consideration including an early tranche vesting profile and a post vesting holding period of three years on any LTIs to be awarded. Shareholders will be informed of these measures as soon as the company is able to make LTI awards. The Committee and Board has also prioritised human resource capacity building including succession planning at executive levels.
Turnaround incentives 2020 STI: The STI target appears soft compared to prior history. For example, the adjusted EBITDA target of R804 million relative to the R737 million achieved in FY2019 (excluding Zimbabwe) does not appear sufficiently stretching.	The process of setting targets was complex under the circumstances facing the company. At the time of setting the targets there was a different set of accounting policies in place and the extent of the restatements was not known. The restatements have brought about a change whereby income recognised too early in the past is now re-recognised; and expenses deferred over multiple years were recognised earlier than in the past. The net impact is that the FY2019 profits were significantly higher than what was expected when setting the targets (i.e. the R1 billion loss). The measurment of performance under the STI has been aligned to the basis on which the targets were set.
2020 LTI: The use of a single performance condition relating to share price performance was questioned.	The growth in share price targets was intended to be indicative and was to be assessed at the time of the award. No LTI awards were made during 2020 (see further detail in part 3). The Committee can confirm that a balance of measures will be used at the appropriate time when the setting and calibration of forward looking performance measures becomes possible.
Non-financial metrics are not used in the determination of the variable remuneration plans.	The company's priority has been to deal with rebasing the business and "stabilising the ship". Serious consideration has been given to including Environmental, Social and Governance (ESG) measures going forward. A mix of health and safety, people, risk and governance targets have been included in the 2021 STI, and the weighting has been increased from 10% to 15% compared with prior years.
The weightings per debt repayment milestone were queried as to whether this was split evenly across the two components, namely a signed agreement and cash received.	The respective debt reduction milestones have an assessment signature date and a different and later payment assessment date and both measures need to be met to achieve the full, pro-rata bonus allocated to that milestone.
The Zimbabwe operational performance conditions and targets were not visible	Despite the difficulties in pinpointing targets in a hyperinflationary context, Zimbabwe STI performance conditions were set and are detailed in Part 3 of the Report.
The weighting of the four elements of the STI performance conditions as applicable to the CEO and CFO were unclear and expected to be different for these executives given their different roles and contribution to these elements.	Weighting of performance conditions for the three executive directors have been reconsidered in the 2021 STI target setting process and the contributions to performance do not warrant a differentiation in weightings at this stage in the turnaround of the company. This matter will remain under review going forward.
The quantum of the turnaround incentive may be excessive.	Turnaround incentive One relates to "business unusual" conditions namely the settlement of the R8.1 billion debt and cash flow improvements (a lender requirement). The maximum pay-out for the six Exco members responsible for delivering on the debt reduction target is 0.4% of cumulative net disposal proceeds. The pay-out to the 13 participants and Exco members, responsible for the cash flow improvements over the two-year period is 2.4% of the targeted cash inflow from cost saving initiatives. Turnaround incentive Two relates to "business as usual" operational initiatives (shareholder requirement) and the outcomes are reported in part 3 of the Report. None of the executives received LTI awards during 2020. The total potential outcomes of the turnaround incentives ("business unusual") over the two-year period as well as the potential outcomes of the "business as usual" remuneration, are illustrated in part 3 of this Report.
Under the new CSP shareholders have cautioned against the use of unadjusted headline earnings growth, as this does not remove cane fair value adjustments (volatile and largely uncontrollable). For any measures that are used (e.g. ROIC) shareholders would like to be able to reconcile the calculations to the disclosed numbers in the financial statements.	To date no awards have been made under the new CSP. The issue raised by shareholders has been recognised in the definition of the adjusted EBITDA in the 2020 STI and will be adopted in determining other conditions like headline earnings growth, if used, going forward. A balance of appropriate CSP performance conditions will be set at the time when awards are made.

KEY ACTIONS TAKEN BY THE COMMITTEE AND FUTURE FOCUS AREAS

SUMMARY OF COMMITTEE ACTIVITIES AND DECISIONS TAKEN IN 2020

No structural changes were made to our policies during 2020. Instead during 2020, the focus was on implementing the turnaround incentives that were put in place during the previous period as well as the implementation of the new enhanced remuneration policies.

Executive committee remuneration

- Against a background of no increases in 2019, increases of 4% were granted to the executive directors and other executive committee members in 2020.
- Total reward benchmarking was conducted for all management positions in South Africa, including the executive directors, prescribed officers and Exco members.
- As mentioned above, no LTI awards were made in FY2020 or are planned for FY2021, but the mandatory deferred portion of the STI in the form of bonus shares will proceed during FY2021. To ensure that our executives own shares in the company, and their interests are thus more closely aligned to shareholders, the Committee has approved a vesting profile for the bonus shares commencing in year 1 to 3. However, to ensure long-term shareholder alignment, each tranche of vested shares will be subjected to a three-year post-vesting holding period during which the shares cannot be disposed of. This will ensure our executives build up and maintain a shareholding in the company in compliance with our minimum shareholding requirements.

NED remuneration

The decision was taken to restructure non-executive directors' remuneration for 2021 and to pay a fixed fee going forward, rather than an annual retainer and attendance fee. The details are contained in part 3 of the Report. A zero percent increase in NED fees was considered and approved at the previous AGM.

Company-wide remuneration

- All operations (excluding Zimbabwe) received guaranteed pay increases ranging between 3.5% and 5.5% for employees not covered by collective bargaining agreements.
- In Zimbabwe, due to the hyperinflationary environment, employees are paid a guaranteed base salary and a discretionary cost of living adjustment. Both of these were increased to accommodate CPI.

Performance relating to past performance cycle

- Review of the outcomes of Part A and Part B of the Turnaround incentive One: the outcomes as set out in part 3 of this Report.
- Review of the outcomes of the 2020 STI (Turnaround incentive Two): the outcomes as set out in part 3 of this Report.
- The threshold performance conditions related to the 2017 SARS and LTIP awards were not met, resulting in zero vesting.
- Vesting of the previously used 2017 Deferred Bonus Plan (DBP) and 2016 Retention Long-term Incentive (RLTIP) awards (none of the executive directors participated in any of these arrangements).

Performance relating to forthcoming performance cycle

Setting of performance conditions for the 2021 STI.

Governance

- Committee workshop: A workshop was convened in April 2019 with independent remuneration advisors to review and recommend the redesign of the STI and LTI schemes and new remuneration governance policies (Minimum Shareholding Requirements (MSR) and Malus and Clawback) to reflect both the turnaround strategy and longer-term stabilisation of the company, and to acknowledge the shareholders' rejection of the existing remuneration policy and practices.
- Shareholder engagement: Proactive shareholder engagement linked to the intention of co-creation was discussed and agreed upon.
- Review of the remuneration policy and this report: all the related new policies that were considered were drafted and finalised.
- Updates to the Committee terms of reference: The Committee's terms of reference were updated to include the responsibilities with reference to the new policies, the inclusion of human resources activities and improved auditing processes.
- Approval of annual workplan.

LTI awards

The Committee deliberated on the CSP awards at considerable length but concluded not to make any CSP awards during 2020.

HR matters

Succession plans and employment equity/localisation of skills were reviewed.

FOCUS AREAS FOR 2021

- Restore the trust and confidence of shareholders through regular engagements and co-creation of remuneration practices.
- Performance conditions and target setting that focuses on capital efficiency, capital management and economic value-add and ESG.
- Conduct further Exco benchmarking as the Turnaround incentive is removed from total reward when the performance period ends on 31 March 2021.
- Review, update and standardise human resource policies in line with King IV™ and best practice. Allow for localisation in line with country specific legislature.
- Entrench new Tongaat Hulett values enabling a new culture.
- Define our talent strategy to meet our business capability requirements and enable delivery of our business strategic pillars.
- Develop new Tongaat Hulett People Management Way including:
  - Enabling us to attract, develop, reward and retain high calibre talent and critical skills and
  - Performance Management in support of performance based reward and enabling a high performance culture.
- Introduce supernumerary programme and management trainee program to enable us to nurture and accelerate the development of our talent in support of achieving a more diverse organisation, thereby enabling improved:
  - Employment equity and black representation within South Africa;
  - Increased female representation in key roles within Zimbabwe; and
  - Reduction of Expatriates within Mozambique.
- Create an integrated skills development plan and education plan for impacted retrenched employees to acquire new skills to enable reintegration into Tongaat Hulett in new roles where opportunities exist or alternatively into the economy.
- Complete an Equal Pay for Equal Work assessment to establish the Gini coefficient within the company and creating a plan with SMART (specific, measurable, attainable, realistic and time based) goals to narrow the parity gap between the highest paid employee and the lowest paid employee.

CLOSING REMARKS

The Committee is satisfied with the company's application of the requirements of King IV™ and the JSE Listings Requirements and is confident that our remuneration policy is aligned with the strategy of the business to achieve its stated objectives. At the AGM in September 2020, you will be asked to cast non-binding votes on our policy and its implementation. We encourage and pursue an open and regular dialogue with all of our stakeholders. Your constructive input is highly valued and appreciated as we continue to improve the remuneration system during these challenging times.

A H Sangqu
Remuneration and Human Resources Committee Chairman

PART 2: REMUNERATION POLICY

REMUNERATION GOVERNANCE

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee is constituted to assist the Board of directors of the company with its oversight and management of the remuneration and human resources philosophy and policies in the company and its subsidiaries. The Committee determines, on behalf of the Board, the company's policy for the remuneration of executive directors, prescribed officers and other members of the Exco. The Committee also determines the total remuneration packages and contractual terms and conditions for these individuals. The Committee provides oversight of all employee reward to ensure the alignment of reward throughout the company, approval of the mandate for annual guaranteed pay increases, as well as the parameters and overall cost of the short- and long-term incentives.

The Committee terms of reference were updated during 2020 and can be found on our website

MEETING ATTENDANCE AND AUTHORITY LEVELS

The Committee meets as often as business requires but at least four times a year.

Details of meeting attendance of the individual Committee members are provided in the Corporate Governance Report.

The Chairman of the Committee reports to the full Board after each Committee meeting. The minutes of the meetings are available to the members of the Board. The Committee retains independent, external advisors for compensation matters. In 2020, PwC were mandated to provide services related to executive remuneration matters. The Committee is satisfied that they acted independently. The CEO, Human Resources Executive and Remuneration and Benefits Executive attend all or part of the meetings in an advisory capacity. The Chairman of the Committee may decide to invite other executives, as appropriate. Executives do not attend the meetings or those parts of the meetings in which their own remuneration and/or performance are being discussed.

The Committee acts under delegated authority of the Board to determine and set remuneration levels, except for the fees payable to non-executive directors, which are subject to the approval of shareholders at the AGM.

The authority levels are set out below:

	Management	Committee	Board	Shareholders
Remuneration policy including incentive plans and provisions applicable to company-wide employees	Proposal	Recommendation	Approval	
Prescribed officer remuneration, including target setting and performance assessment	Proposal	Recommendation	Approval	
Executive director remuneration, including target setting and performance assessment	Proposal	Recommendation	Approval	
CEO remuneration, including target setting and performance assessment		Proposal, Recommendation	Approval	
Performance target setting and assessment	Proposal	Recommendation	Approval	
Remuneration report (remuneration policy and implementation report)	Proposal	Recommendation	Approval	Endorsement
Non-executive director remuneration	Proposal	Proposal	Recommendation	Approval

- Proposal
- Recommendation
- Approval
- Endorsement

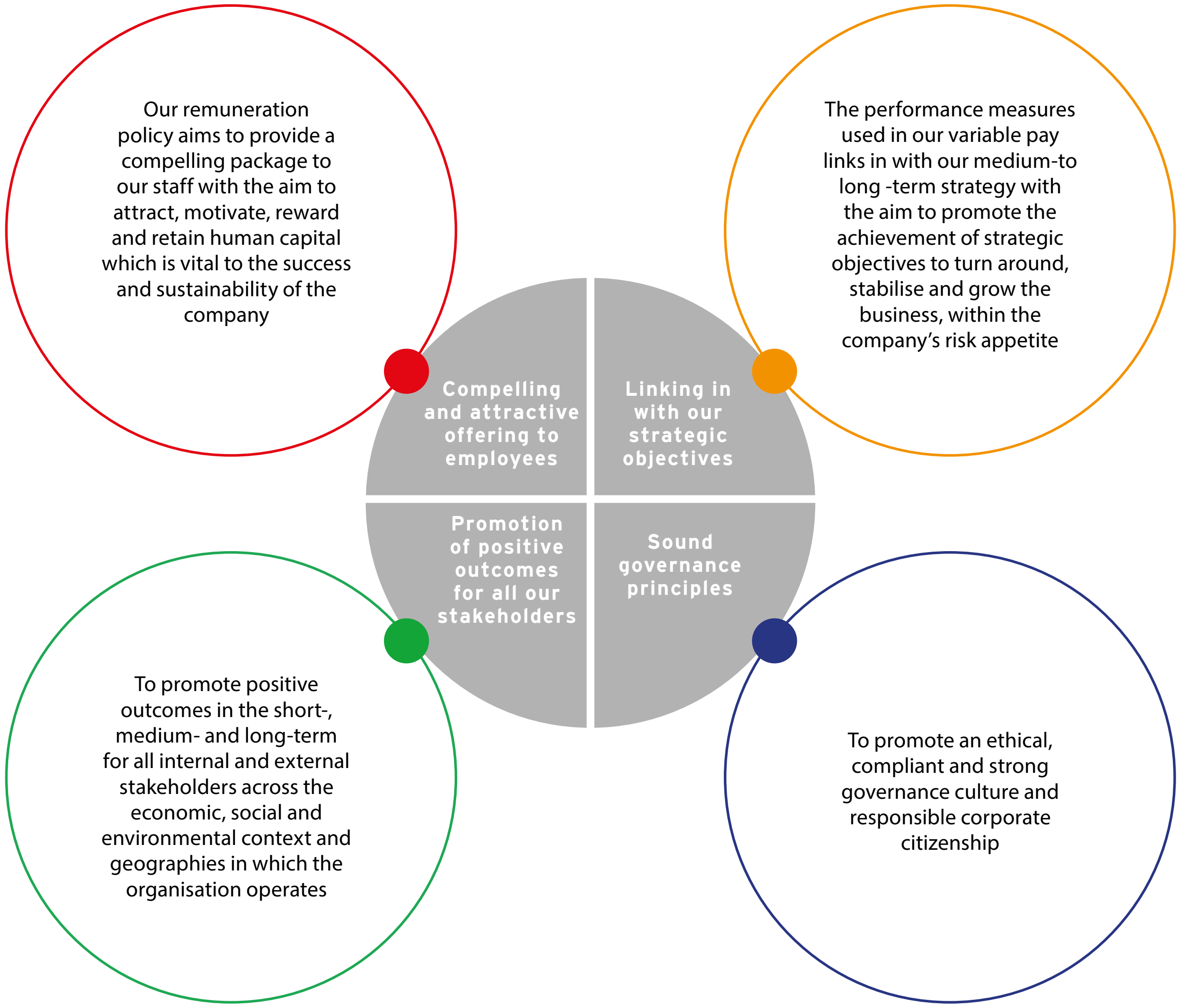
SHAREHOLDER ENGAGEMENT

Shareholder engagement on remuneration matters is the responsibility of the Committee. Shareholder engagement will be performed on a proactive basis to ensure co-creation of policies.

Furthermore, in the event that the proposed 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 Committee will take the following steps as a minimum:

- Embark on an engagement process to ascertain the reasons for dissenting votes;
- Schedule individual engagements with concerned shareholders to understand their concerns and objections;
- Appropriately address legitimate and reasonable objections raised, which may include convening Committee meetings, amending the remuneration policy, or clarifying or adjusting the remuneration governance and/or processes; and
- Formally respond to shareholders and articulate where changes will be made or where, in the assessment of the company, the current policy and/or implementation is adequate.

REMUNERATION PHILOSOPHY



ELEMENTS OF REMUNERATION

OVERVIEW

Our remuneration policy presented to shareholders in our 2019 remuneration report remains unchanged. As the company is moving from a "business as unusual" to a "business as usual" phase, some of our turnaround incentives have matured during 2020 and the outcomes are disclosed in part 3 of this report. Below we set out our "business as usual" policy as it applies to all employees.

COMPANY-WIDE EMPLOYEE REMUNERATION POLICY

Component of remuneration	Guaranteed cash package (GP)	Short-term incentives	Long-term incentives			Wealth at risk/share ownership
		STI – annual cash bonus	STI – deferred bonus shares	CSP – performance awards	CSP – retention awards	
Eligibility	All employees	Middle management and above Paterson C Band and below employees are not eligible to participate in variable pay schemes and receive a guaranteed annual bonus based on 10 % of their annual cash pay	Middle management and above	Exco	Middle management and above (excluding Exco)	Enhances company's employee value proposition
Purpose and link to strategy	Compensates employees for their role. Attract and retain the right calibre of staff to deliver shareholder value	Rewards annual company and individual performance through bonus payments geared to the achievement of stretch performance and no incentives for unsatisfactory performance	Encourage creation of long-term sustainable value for shareholders by an automatic deferral of STI which is delivered in shares and therefore linking awards to future share price performance	Encourages creation of long-term, sustainable value for shareholders and delivery of long-term strategic goals	To address key retention requirements	Aligns individual's personal wealth at risk directly to the company's share price
Operation	Cash salary and benefits are targeted at the median. Benefits include: pension/provident fund, provision of subsidised medical aid or on-site clinic facilities, death and disability insurance and legacy post retirement and retirement gratuity benefits. Housing and car schemes for qualifying employees are provided in Mozambique and Zimbabwe	Annual awards, payable in cash after a 1-year performance period	Annual awards, deferred into rights to shares	Annual awards of rights to shares, subject to performance conditions measured over a 3-year period	Ad hoc awards of shares, used in exceptional circumstances	Individuals required to hold and maintain shareholding
Time period	Delivered in year	1 year	3 years, however in FY21, in lieu of an LTI award, an early, tranche vesting profile (year 1 to 3) and post-vesting holding lock of three years has been implemented	5 years (3-year performance period), vesting in year 3 to 5 (Exco), or 3 years (other participants)	4 years	
Performance measures	Changes to annual GP considers performance in the preceding year and potential for the future	A combination of corporate and operating company targets, depending on level which typically include adjusted EBITA, operating free cash flow, working capital and non-financial measures	Performance is used as an entry requirement	Not yet determined	None	Direct link to Tongaat Hulett's share price

FURTHER DETAILS RELATING TO EXECUTIVE MANAGEMENT REMUNERATION

Guaranteed pay and benefits and benchmarking of remuneration

Several factors are used in positioning the target remuneration for individual executive committee members which include:

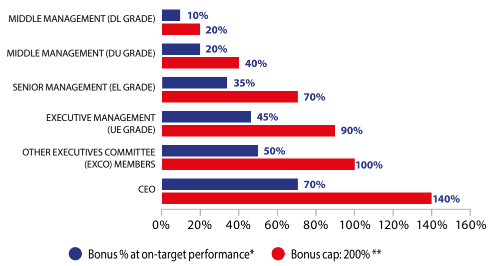
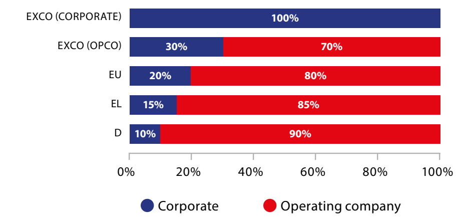
- market value of the role (utilising external benchmarking);
- individual profile of the incumbent in terms of experience and skills;
- individual performance and potential; and
- affordability for the company.

The primary source of competitive market data used to assess remuneration for executive management is the published reports by JSE listed companies. Two comparator groups of companies listed on the JSE were selected as reference points. Details of the constituents of these comparator groups are set out below and reflect the pre and post-sale of the Tongaat Hulett starch business.

Comparator group 1	
Basis for selection: Based on turnover, number of employees and total assets. Reflects Tongaat Hulett's size and complexity pre-starch sale.	
AECI Limited	Nampak Limited
Astral Foods Limited	Omnia Holdings Limited
AVI Limited	Pioneer Foods Group Limited
Distell Group Holdings Limited	RCL Foods Limited
KAP Industrial Holdings Limited	Sun International Limited
Murray and Roberts Holdings Limited	Tiger Brands Limited

Comparator group 2	
Basis for selection: Selected based on the expected market capitalisation of Tongaat Hulett post the sale of the starch business.	
Astral Foods Limited	Pioneer Foods Group Limited
AVI Limited	RCL Foods Limited
Clicks Group Limited	The Foschini Group Limited
Dis-Chem Pharmacies Limited	The Spar Group Limited
Motus Holdings Limited	Tiger Brands Limited
Mr Price Group Limited	Truworths International Limited

SHORT-TERM INCENTIVE

Description of plan	The STI (bonus) comprises of an annual cash bonus and a deferred bonus (delivered under the LTI, namely the CSP).
Eligibility	Middle management and above (Paterson D band and above) are eligible to participate in the STI scheme. The participation is subject to 6 months service within that financial year as an entry qualification.
Formula	The bonus is determined in accordance with the following formula: STI = total guaranteed package (GP) x on-target % x business score (0% - 150%) x personal score (0% - 150%)
Earning potential (on-target %) and bonus cap	The total variable pay (annual bonus, deferred bonus and other LTIs) are disclosed under the LTI section. **SHORT-TERM INCENTIVES**  * % of GP which can be earned as a bonus (annual plus deferred) at on-target performance **Bonus cap: 200% of the on-target STI to be awarded (cash and deferred elements collectively)
Business performance weightings	Depending on the job grade of an employee, a combination of corporate and operational measures will be used. **BUSINESS PERFORMANCE WEIGHTINGS** 

STI

Business score: performance conditions

Threshold performance must be met before any bonus payments are made.

The applicable bonus performance conditions, targets (ranging from 50% to 150%) and weightings between the different elements are as follows:

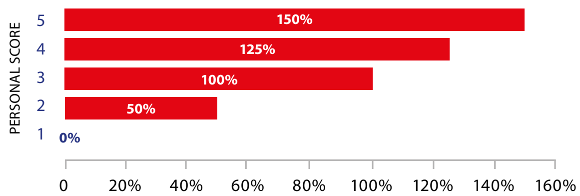
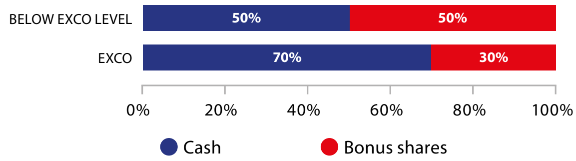
Business Score

Corporate and operating company performance conditions FY21

The corporate and operating company specific targets are as set out in the table below. The weightings applicable to the corporate and operating company scorecards are illustrated in the "weighting" column below.

Item	Weighting		Description /Entity				Threshold (R million) 50% of award	Target (R million) 100% of award	Stretch (R million) 150% of award
	Corporate	OpCo							
Adjusted EBITDA[1 4 7]	30%	45%	Sugar SA - including Voermol				298	350	403
			Botswana				57	76	95
			Eswatini				23	31	39
			Mozambique				439	516	593
			Starch				650	707	747
			Tongaat Hulett (excluding Zimbabwe and Property, including Corporate)[6]				**1 307**	**1 541**	**1 759**
Cash flow[1 4] (Incentive Free cash flow (FCF) per definition below)[8]	30%	40%	Sugar SA - including Voermol				180	212	244
			Botswana				46	61	76
			Eswatini				9	12	15
			Mozambique				272	320	368
			Starch				426	459	491
			Tongaat Hulett (excluding Zimbabwe and Property, including Corporate)				**591**	**767**	**942**
Zimbabwe specific measures	15%	0%	**Detail**		**Measurement**	**Sub-weighting**			
			Cash flow	Payment of $ loan and dividend extraction	R million	50%	150	250	350
			Ethanol volume	Litres produced	Million litres	25%	33	36	39
			Sugar produced	Tons produced	Tons	25%	440 000	450 000	460 000
Property specific measures	10%	0%	**Detail**			**Sub-weighting**	**R million**		
			Infrastructure guarantee	Reduce the reliance on Tongaat Hulett cash flow and proceeds from property sales. Facility is R600 million. Targets are based on facility utilisation		25%	580	550	520
			Infrastructure savings	Confirmed and contracted savings on infrastructure development projects measured against the 2021 business plan as agreed to with Exco		25%	90	150	210
			Debtors cash collection	Collection of property sale debtors		25%	375	500	625
			New sales agreements	Conclusion of new sale agreements		25%	102	170	238
Non-financial measures (HSE, Risk, People and Governance)	15%	15%	**Detail**			**Sub-weighting**			
			LTI days lost[3]	Total LTI days		25%	<800	<750	<700
			Employment Equity[5]	Implementation of supernumerary program (external recruitment) and management training program (internal program) to support improved actual EAP representation and representation in succession plans		35%	Management trainee program implemented	Recruitment of 4 x AM and 4 x AFM middle management super numeraries	Recruitment of 1 x AM and 2 x AFM senior management super numeraries
			Internal control assessment and framework across Tongaat Hulett	Completed first reportable assessment by target date, certified by Internal Audit Assurance		20%	March 2021	December 2020	October 2020
			Enterprise risk management program implemented across the business	Policy, framework and risk workshops rolled out across operations by target date, certified by Internal Audit Assurance		20%	March 2021	January 2021	November 2020
Total[2]	10%	100%							

1 The COVID-19 spend for FY2021 (R100 million provision at beginning of July 2020) will be added back to the actual core performance of the business.
2 The total value of the STI will be capped at 12% of the cash inflows for the financial year. The cost of the STI at "stretch" target must be fully self-funded.
3 In the event of a work-related fatality involving an emplyee or contractor under the direct control of the OpCo, a penalty of up to 5% will be deducted from the OpCo overall STI outcome/score for every fatality incident, subject to a maximum of 15 % at the OpCo level and 7.5% at the Corporate overall STI outcome/score level. The actual penalty will be determined by the Committee on the recommendation of the Risk Committee who will consider if any mitigating reasons exist to recommend a penalty of less than the 5% per fatality incident.
4 The starch business manufactures a wide range of products which are key ingredients for manufacturers of foodstuffs and beverages, including alcoholic beverages. The EBITDA and cash flow targets were set prior to the publication on 12 July 2020 of the Disaster Management Act 2002, Amendment of Regulations issued in terms of Section 27(2). This amendment introduced new lockdown restrictions including suspending the sale, dispensing and distribution of alcohol. The starch targets will be reduced proportionately based on monthly budgeted EBITDA and cash flow forecasts, as submitted to the Committee at the July 2020 meeting. The cash flows indicated include the movement on the maize financing facility.
5 In Zimbabwe, female representation at management levels (DU and above) is targeted at 10%, 13% and 16% for the threshold, target and stretch performance levels respectively. In Mozambique, the reduction in the number of expatriate employees is targeted at 50, 45 and 40 employees at threshold, target and stretch performance levels respectively. Botswana and Eswatini do not have employment equity targets, and the three remaining performance conditions are evenly weighted at 33.3% each.
6 The target excludes once off costs relating to the debt reduction targets, MAC dispute and legal fees pertaining to civil and criminal cases. These costs will be excluded from the measurement of the actual performance against these targets.
7 Adjusted EBITDA means operating profit with an add-back for amortisation and depreciation and adjusted for non-trading items, impairments and fair value adjustments to biological assets.
8 Incentive FCF means the total of cash flows from operating and investing activities excluding taxation paid, expansion capital expenditure, finance income and proceeds received pursuant to the group's debt reduction plan.

Personal score	The company will set specific performance conditions to measure each participant's personal performance. These will be set according to the employee's role and contribution to the business. Personal performance is rated according to a rating scale of 1 – 5, which translates to a score between 0% - 150% which is incorporated within the STI calculation. There is linear interpolation between levels. **SCORE TO BE USED IN STI CALCULATION** 
Settlement	To align managements' interests with shareholders and encourage positive performance which achieves the company's objectives and provide exposure to the share price, the STI is partly settled in cash and partly settled in bonus shares via a mandatory deferral: • Exco members- 30% bonus deferral • All participants below Exco level- 50% bonus deferral **STI SETTLEMENT** 

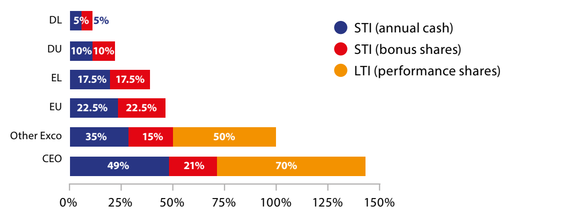
LONG-TERM INCENTIVE

It is envisaged that LTI awards will be made during FY2022 once the company has established that its operations have stabilised and at such a time that it is in a position to set prospective performance conditions.

CSP			
Brief description of plan and context	In the past, the company operated three LTI plans: • Share Appreciation Rights Scheme 2005 (SARS) • 2010 Tongaat Hulett Long-term Incentive Plan (LTIP), comprising of performance LTIPs and retention LTIPs (RLTIP); and • the Deferred Bonus Plan 2005 (DBP) . The SARS, LTIP and DBP will no longer be used to make new LTI allocations, but existing awards will come to fruition. The CSP incorporates the following instruments: • Performance shares: annual award of full value conditional shares will be made subject to prospective performance conditions. • Retention shares: award on an ad hoc basis of full value conditional shares subject only to an employment condition. • Bonus shares: a portion of the STI is settled in bonus shares, via a mandatory deferral.		
Eligibility	Performance Shares	Bonus Shares	Retention Shares
	To be made annually to Exco participants	To be made annually to eligible Paterson D band and above participants, provided a bonus has been earned	To be made on an ad hoc basis to high performers below Exco only in limited circumstances subject to the Committee's discretion. Exco members are not eligible to receive retention shares

Award policy and instrument mix	The total variable pay opportunities and breakdown between instruments are as follows:			
		% of GP		
		Total STI (cash + bonus shares)	LTI (performance shares)	STI + LTI (total variable pay)
	CEO	70%	70%	140%
	Other Exco	50%	50%	100%
	EU	45%	0%	45%
	EL	35%	0%	35%
	DU	20%	0%	20%
	DL	10%	0%	10%

TOTAL VARIABLE PAY OPPORTUNITIES



Performance period and vesting period	Performance Shares	Bonus Shares	Retention Shares
	Three-year performance period, with one third vesting in year 3, 4 and 5 for Exco. Other participants (if any) will have a three-year vesting period.	Three-year vesting period There are no performance conditions attached to these shares as the initial allocation has reference to the deferred element of the STI and is therefore linked to performance in that matter. Bonus shares will vest subject to the participant remaining employed until the end of the three-year vesting period. However, in FY2021, in lieu of an LTI award, an early tranche vesting profile (year 1-3) and post-vesting holding lock of three years has been implemented.	Four-year vesting period These shares will vest subject to the participant remaining employed until the end of the four-year vesting period.
Performance conditions	The Committee has not yet deliberated on the performance conditions or targets but have noted the shareholder comments in this regard.		
Company limits	The maximum number of shares issued, or treasury shares used to settle CSP awards shall not exceed 5% of the issued share capital. The maximum number of shares that can be settled to any one participant under the CSP is 1% of the issued share capital. To avoid excessive dilution, the Board adopted a resolution that any outstanding SARS, LTIP and DBP awards from the existing plans can only be settled by purchasing shares in the market. As a result, the CSP uses fewer shares than the previously used limit of 9.6% that applies to the old schemes.		
Dividend equivalent shares	The company may award dividend equivalent shares subject to the Committee's discretion. The number will be based on actual dividends declared during the vesting period. These dividend equivalent shares will be settled in equity at the end of the vesting period only based on the vested portion of performance shares, retention shares and bonus shares.		

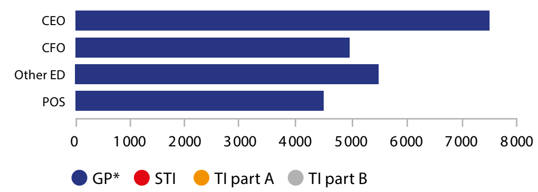
PACKAGE DESIGN PAY MIX AND POTENTIAL OUTCOMES (R000)

As mentioned above, our policy will transition from "business unusual" to "business usual" over the course of the next financial year. Below we depict the potential pay outcomes under various performance scenarios for our "business unusual" circumstances (GP + turnaround incentive One + turnaround incentive Two, namely 2020 STI) as well as "business usual" circumstances (GP + STI + LTI).

The prescribed officers' (POs) remuneration represents the average of all the PO's remuneration. Other ED refers to executive directors excluding the CEO and CFO.

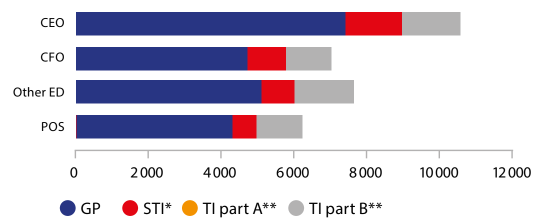
"BUSINESS UNUSUAL" REMUNERATION SCENARIOS (APPLICABLE FOR FY2020 AND FY2021)

BELOW THRESHOLD (R '000)



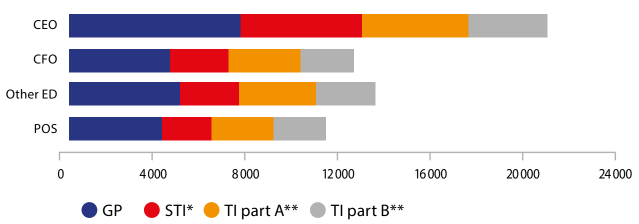
* Guaranteed package includes cash package and benefits.

AT THRESHOLD (R '000)



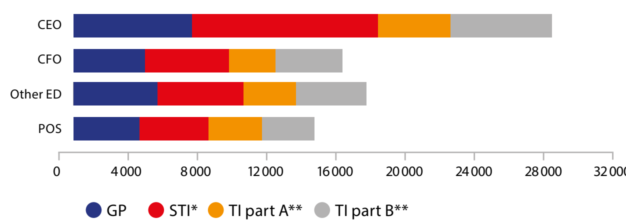
* Threshold performance results in an outcome of 25% of on-target STI.
** Threshold performance results in an outcome of 0% of on-target for Part A and 50% of on-target for Part B of the Turnaround Incentive (TI).

ON-TARGET (R '000)



* On-target STI performance results in an outcome of 70% and 50% of GP for the CEO and CFO respectively.
** Target TI performance results in an outcome of 50% of GP for Part A and Part B respectively.

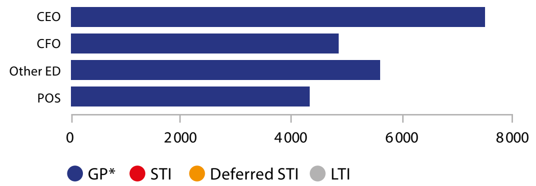
MAXIMUM PAYOUT (R '000)



* Maximum pay-out is 200% of on-target STI.
** Maximum pay-out results in a pay-out of 50% of TGP for Part A and 75% of TGP for Part B respectively.

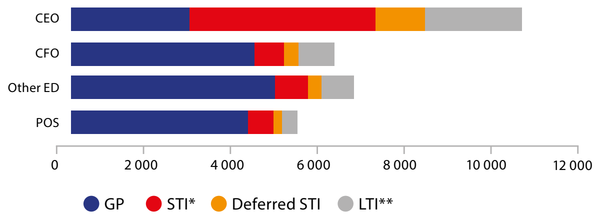
"BUSINESS USUAL" REMUNERATION SCENARIOS (APPLICABLE FROM FY2022)

BELOW THRESHOLD (R '000)



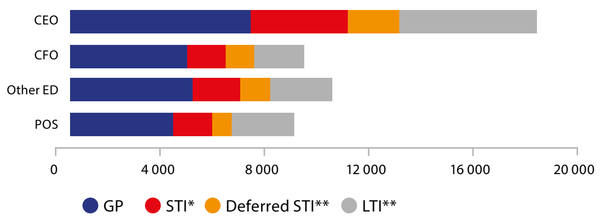
* Guaranteed package includes cash package and benefits

AT THRESHOLD (R '000)



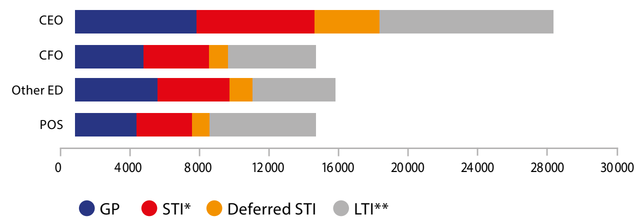
* Threshold performance results in an outcome of 25% of on-target STI
** Threshold performance results in an outcome of 30% of on-target LTI

ON-TARGET (R '000)



* On-target STI performance results in an outcome of 70% and 50% of GP for the CEO and CFO respectively
** Indicative expected value of LTI award on grant date

MAXIMUM PAYOUT (R '000)



* Maximum STI pay-out is 200% of on-target
** Indicative face value of LTI award on grant date

EXECUTIVE NOTICE PERIODS AND SEVERANCE PAYMENTS

The CEO is employed on a five-year fixed-term contract, terminating on 1 February 2024. There is no expectation for further renewal although the parties are entitled, upon termination, to negotiate a renewal on terms and conditions deemed appropriate and for a mutually agreed period. The CFO was appointed effective 1 March 2019 on a permanent (not fixed duration) contract of employment.

The Strategy and Transformation Executive was appointed effective 1 January 2018 on a permanent (not fixed duration) contract of employment.

The three executive directors all have a notice period of 3 months. There are currently no restraint of trade provisions within executive contracts of employment. The reason for termination determines the payment of remuneration as set out below.

Element	Reason for Termination	Treatment
Guaranteed package	Fault termination: dismissal, resignation or early retirement	No payments (such as legacy post-retirement and gratuity benefits) are made. CEO: 3 months' notice period under resignation; in the event of an irreconcilable breakdown in the relationship with the Board, loss of confidence or perceived incompatibility, pre-termination procedures are waived, and an additional 2 months guaranteed notice pay is paid. Executive directors: 3 months' notice period under resignation, early retirement and dismissal. Other employees: 1 month's notice period under resignation and retirement.
	No-fault termination: retirement, ill health or disability	No payments (such as legacy post-retirement and gratuity benefits) are made in the event of the corresponding termination of employment. CEO and executive directors: 3 months' notice period. Other employees: 1 month's notice period.
	No-fault termination: Retrenchment or death	CEO: payment of a severance package equivalent to 2 months' guaranteed pay in the event of termination for operational reasons. In the event of death, there are no additional company payments apart from the insured benefits. Executive directors: payment of a severance package equivalent to 2 weeks' cash pay per year of completed service, plus 3 month's notice pay in accordance with current company policy. In the event of death, there are no additional company payments apart from the insured benefits. Other employees not covered by collective agreements: payment of a severance package equivalent to 2 weeks' cash pay per year of completed service, plus 3 months' notice pay in accordance with current company policy. In the event of death, there are insured and funeral benefits Negotiated, bargaining unit retrenchment packages may be structured differently but are of equivalent value.
Turnaround incentive Plan: **Turnaround incentive (Incentive One)**	All reasons	Turnaround incentive - as the performance conditions applicable to the Turnaround incentive are specific to the individual contributions of the participants, payment will only occur if a participant remains in employment until the payment date of a particular portion of the Turnaround incentive.
STI (Incentive Two)	Fault termination: resignation, dismissal, abscondment, mutual separation or early retirement	All awards shall be forfeited in their entirety and will lapse immediately on the date of termination.
	No-fault termination: death, ill-health, injury or permanent disability, or early retirement (as a result of death, disability or ill health); retrenchment, retirement or the division in which a participant is employed being transferred to a transferee which is not a member of the company.	Awards will be pro-rated based on the number of months served in the performance period. The pro-rated STI will be determined at the normal date of approval by the Committee (i.e. no STI or part thereof will be paid or determined before such date).

Element	Reason for Termination	Treatment
CSP	Fault termination: dismissal, resignation or early retirement	All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination
	No-fault termination: Retirement, ill health, disability or retrenchment or death	The participants will qualify for a pro-rated award based on performance and time served: • In respect of performance shares, the portion which will vest shall also be adjusted for performance and time served • In respect of bonus shares and retention shares, the portion which will vest shall also be adjusted for time served

MALUS AND CLAWBACK

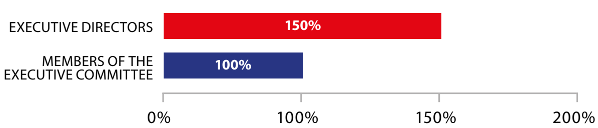
Malus and clawback applies to all variable remuneration. The Committee has discretion to invoke malus and determine that any unvested, unsettled or unpaid incentive may be reduced or cancelled, or may invoke clawback and determine that any bonus, or the cash equivalent of any share award be recouped from the executive in the event that any of the following trigger events are discovered:

- a material misstatement resulting in an adjustment in the audited consolidated accounts of the company or the audited accounts of any member of the group; and/or
- the fact that any information used to determine the quantum of any payment was based on error, or inaccurate or misleading information; and/or
- action or conduct of an executive which, in the reasonable opinion of the Board, amounts to serious misconduct; and/or
- events or behaviour of an executive or the existence of events attributable to an executive which have led to the censure of the company or a member of the company, by a regulatory authority or have had a significant detrimental impact on the reputation of the company.

MINIMUM SHAREHOLDING REQUIREMENTS

The company has MSRs to align the interests of executive management with those of shareholders in order to maintain focus on the long-term success of the company. The MSR considers two components – namely personal share ownership and vested shares arising from the company's LTIs. The CEO is not subject to the MSR as he is employed on a fixed-term contract, limiting enforceability.

The current targets are as follows:
Target % of GP after 5 years*



* Time period after which MSR must be met by - Measurement occurs at the determination date (being the date on which the MSR target must be satisfied) and is based on the average share price and GP at that date.

INTERESTS OF THE DIRECTORS OF THE COMPANY IN SHARE CAPITAL

The aggregate holdings of executive directors of the company holding issued ordinary shares of the company as at 31 March 2020 are detailed in note 15 of the Annual Finacial Statements.

NON-EXECUTIVE DIRECTORS' REMUNERATION

NEDs receive fees for their services as directors of the Board and all Committees, which historically has included an attendance fee component. In FY2021 the company has restructured the fees on an all-inclusive fixed fee basis for shareholder approval.

The directors' fees are benchmarked annually against fees published in the latest Integrated Annual Reports of the same comparator companies used for the executive director/Exco benchmarking. In benchmarking NED fees on an all-inclusive basis, the company targets to pay these fees at the median in terms of its remuneration policy. However, under the current "business unusual" circumstances, the company has proposed to target paying NED fees at the upper quartile of the comparator group of companies, given the current complexity and challenges facing the company. The change from a meeting fee to a fixed fee basis will result in a significant rebasing and reduction of total fees earned by the NEDs during a time where additional meetings are required to steer the business through the "business unusual" times.

As required by the Companies Act no. 71 of 2008 as amended, NED remuneration will be authorised by special resolution at the 2020 AGM and is set out on page 108 of the Notice of AGM.

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

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY - PART 2

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

PART 3: IMPLEMENTATION OF THE 2020 REMUNERATION POLICY

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 2020.

Financial information

The financial details relating to the directors and prescribed officers' emoluments and interests are disclosed on pages 95 to 99.

Cash package adjustments for 2020/21

The Committee approved a 4% and 4.75% increase on cash pay for Exco and senior management respectively in South African based operations in 2020/21 and consumer price index related increases in other operations.

TURNAROUND INCENTIVES FOR 2020

Certain of the milestones of the turnaround incentives matured during 2020 and the outcomes against the targets set are explained below. The outstanding milestones are also disclosed to provide a holistic overview of the remainder of the turnaround incentives that will vest during the course of, or at the end of 2021.

INCENTIVE ONE (DEBT REDUCTION AND OPERATIONAL ENHANCEMENT AND CASH FLOW IMPROVEMENTS)

Part A (Debt reduction)[10]

On-target quantum: 100% of GP (this is the maximum opportunity for Part A)

Performance Period: 1 April 2019 to 31 March 2021

No.	Performance condition		Project/ description	Participants and weighting*		Measure	Assessment date	Core debt reduction target[1] (%)	Vesting % and payment date[1]	Outcomes against targets set
				Group A	Group B					
1	Debt refinancing agreement concluded and signed[2,9]			15%	N/A	Signed contract	Sep 19	-	100% Oct 19	100% following Committee approved deviation to capping rule
2	Results Published - "Unqualified opinion basis"[3,9]			15%	N/A	Results published timeously	Oct 19	-	100% Nov 19	100% following Committee approved deviation to capping rule
3	Debt reduction	Milestone 1	Contracts[4] agreed and signed[5]	10%	N/A	N/A	Nov 19	R 500m	Amounts collected in terms of agreements signed before the associated assessment date (Nov 19) will be paid at the cash received assessment date (Jun 20)	100%
			Cash received		N/A	Cash receipt	Jun 20			Received R512 million employer pension surplus account in January 2020 on liquidation of the Tongaat Hulett DB Fund
		Milestone 2	Contracts agreed and signed[6]	25%	N/A	N/A	Mar 20	R4.0 billion in addition to the cash received from Milestone 1	Amounts collected in terms of agreements signed before the associated assessment date (Mar 20) will be paid at the cash received assessment date (Sep 20)	Debt reduction transactions totalling R6.4 billion concluded
			Cash received		N/A	Cash receipt	Sep 20			
		Milestone 3	Contracts agreed and signed[7]	20%	N/A	N/A	Jun 20	R6.0 billion in addition to the cash received from Milestone 1 and Milestone 2	Amounts collected in terms of agreements signed before the associated assessment date (Jun 20) will be paid at the cash received assessment date (Dec 20)	Debt reduction transactions totalling R6.4 billion concluded
			Cash received		N/A	Cash receipt	Dec 20			
		Milestone 4	Contracts agreed and signed[8]	15%	N/A	N/A	Sep 20	R8.1 billion in addition to the cash received from Milestone 1 and Milestone 2 and Milestone 3	Amounts collected in terms of agreements signed before the associated assessment date (Sep 20) will be paid at the cash received assessment date (Mar 21)	
			Cash received		N/A	Cash receipt	Mar 21			

1. The target percentage to be earned has been calculated on a cumulative basis. Incentive One, Part A will be paid in portions, at the applicable payment dates, following the end of the relevant performance period and the assessment of the relevant performance conditions, as and when the performance period applicable to the specific performance conditions expires.
2. This is a binary performance condition, i.e. if the target is met by the assessment date the associated weighting will be achieved.
3. This is a binary performance condition, i.e. if the target is met by the assessment date the associated weighting will be achieved.
4. Contracts in relation to sale of assets in terms of the debt standstill agreement.
5. This is a double trigger performance condition, which is linear, from the first Rand until the target. The first part of the performance condition (contracts signed by Nov 19) determines your potential outcome, with the second part of the performance condition (cash collection from contracts signed by Nov 19, which has been collected by May 20) determining your final outcome. Payment is further subject to the provisions of the rules. Any ZAR amount for which contracts have been agreed and signed, but value which was not collected by May 2020 will lapse. Note that to the extent that target ZAR amount for signed contracts by Nov 19 is exceeded, the excess amount will carry over towards satisfaction of the next Milestone. Similarly, to the extent that target ZAR amount for collections by May 20 relating to that signed amount is exceeded, such excess amount will carry over towards satisfaction of the next Milestone.
6. See note above, and read in applicable dates for Milestone 2. This Milestone relates to the potential sale of starch as announced to the market in February 2020.
7. See note 1 and read in applicable dates for Milestone 3. The Milestone relates to the balance of the proceeds from the potential sale of starch, the disposal of the Eswatini operation and various land sales.
8. See note 1 and read in applicable dates for Milestone 4. This Milestone is expected to be achieved through entering strategic partnerships in respect of the company's South African milling operations and its landholdings.
9. Any payment amount will be capped at 1.5% of the cumulative net disposal proceeds received up until the applicable payment date. To the extent that this is exceeded, the excess amount will be deferred for 6 months, and this payment condition will be retested. On the retesting date, any additional outstanding payments may be paid, up to the cap of 1.5% of the cumulative net disposal proceeds received up until the new payment date.
   The Committee approved a deviation to the turnaround incentive rule for the first performance period as it believed the previous Board that approved the plan did not intend to apply the 1.5% capping rule to the first two performance conditions of Part A with a 30% weighting that would not generate disposal proceeds, but triggered the overall turnaround strategy, in addition to recognising the cash inflows of over R1.5 billion from the cash saving initiatives. Furthermore, that it was not the intention that a significant lag in timing should occur between the achievement of the milestone in terms of which the relevant portion of the incentive becomes payable, and the payment of the cash value of the incentive.
   The total value of the Turnaround incentive will be capped at 1.5% of the cumulative net disposal proceeds received up to and including 31 March 2021. Any amounts payable in terms of this plan which are in excess of this cap will lapse.
10. Arising from the purchaser of the starch business invoking a material adverse change (MAC) event due to COVID-19, the Committee may, at its sole discretion, revise the debt reduction targets to align these with the extended milestones agreed with the lenders on 31 July 2020.

Part B (Operational enhancement and cash flow improvements)

On-target quantum: 50% of GP in each performance period

Performance Period 1: 1 April 2019 to 31 March 2020

No.	Performance condition	Project/ description	Participants and weighting		Performance period	Measure	Threshold (%)	Target (%)	Stretch (%)	Outcome (%)
			Group A	Group B			50%	100%	150%	150%
1	Operational enhancements	Improvement in cash flow relative to baseline business - excluding Zimbabwe	90%	100% (excluding Zimbabwe participants)	1 Apr 19 - Mar 20	Cash flow improvements (including working capital and capital)	R 650 million	R 780 million	R910 million	R1.573 billion cash savings
2	Zimbabwe Initiatives	Improvement in business based on OpCo STI targets	10%	100% (one Zimbabwe participant)	1 Apr 19 - Mar 20	Refer to Zimbabwe measures under STI below				

Performance Period 2: 1 April 2020 to 31 March 2021

No.	Performance condition	Project/ description	Participants and weighting		Measure	Performance period	Threshold (%)	Target (%)	Stretch (%)
			Group A	Group B			50%	100%	150%
1	Initiatives to improve cash flow[11]	Improvements in cash flow relative to baseline business (Cash flow is defined as FCF after deductions for interest)	90%	100% (excluding Zimbabwe participants)	Cash flow improvements (including working capital and capital)	1 Apr 20 - Mar 21	R940 million	R1.090 billion	R1.240 billion
2	Zimbabwe cash extraction	Initiatives to extract cash/value from the Zimbabwe operations	10%	100% (one Zimbabwe participant)	Cash receipt	1 Apr 20 - Mar 21	R150 million	R250 million	R350 million

11. As previously reported to shareholders, Incentive One, Part B is a 2-year, R3 billion cash flow improvement initiative. In year one R1.573 billion cash savings were achieved against a stretch target of R910 million (R663 million carried forward to FY21). Cash flow targets for the performance period 1 April 2020 to 31 March 2021 have therefore been realigned by R663 million at the three performance levels.

Payment summary

Executive director	Incentive One, Part A (year1)	Actual % of GP	Maximum % per policy
Gavin Hudson	R3 036 000	40%	40%
Rob Aitken	R1 934 300	40%	40%
Dan Marokane	R2 116 004	40%	40%

Executive director	Incentive One, Part B (year1)	Actual % of GP adjusted by 50% in each of the 2 years	Maximum % per policy
Gavin Hudson	R5 438 856	72%	75%
Rob Aitken	R3 465 210	72%	75%
Dan Marokane	R3 790 724	72%	75%

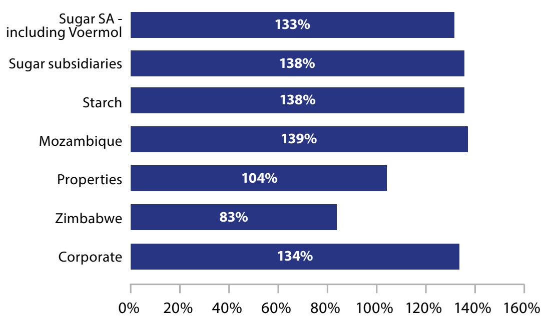
INCENTIVE TWO (2020 STI)

Corporate and operating company performance conditions[13]

The Corporate and operating company (OpCo) specific targets and outcomes are as set out in the table below. The weightings applicable to the corporate and operating company scorecards are illustrated in the "weighting" column below.

No.	Performance Condition	Weighting		Description/entity	50%	100%	150%	2020 outcomes	Resultant business score
		Corporate	OpCo		Threshold (achieve 75% of the adjusted turnaround initiatives)	Target (achieve 100% of the adjusted turnaround initiatives)	Stretch (achieve 125% of the adjusted turnaround initiatives)		
1	Cash Flow (Operating cash flow less core capital, including root replant)[11] R million	45%	50%	Sugar SA - including Voermol	2	63	124	112	140%
				Sugar subsidiaries	90	94	102	145	150%
				Starch	374	383	391	538	150%
				Mozambique	-25	4	33	151	150%
				Property	221	280	338	259	82%
				Corporate and other	-238	-233	-227	-314	0%
				Total Tongaat Hulett excluding Zimbabwe	424	591	761	891	150%
				Project Crystal (excluding Zimbabwe)	585	780	975	1 573	150%
2	Adjusted EBITDA[11] R million	35%	35%	Sugar SA -including Voermol	-46	15	76	76	150%
				Sugar subsidiaries	107	111	119	131	150%
				Starch	669	684	718	732	150%
				Mozambique	23	44	65	175	150%
				Property	154	185	215	308	150%
				Total Tongaat Hulett excluding Zimbabwe	667	804	964	1 018	150%
				Project Crystal	479	639	799	753	136%
3	Zimbabwe STI measures	15%	0%	EBITDA margin protection	15%	17%	19%	37.2%	150%
				Cash flow - loan payment and dividend extraction	$14 million	$17 million	$22 million	$13 million	0%
				Production volume protection - tons sugar	420 000	430 000	440 000	441 400	150%
				Production volume protection - litres ethanol	24 000	26 000	30 000	27 700	122%
				No. of business improvement projects completed	2	3	4	3.5[12]	125%
				Health and safety: fatalities	>/=1	0		1	50%
				Health and safety: LTI		11	<11	14	0%
4	Health and safety[14]	5%	10%	Balanced scorecard of lagging and leading indicators	N/A	OpCo specific targets measured out of 100%	N/A	OpCo specific ranging between 10% - 42.5%	10% - 42.5%

Overall result



11. The Committee may adjust the outcome to take account of any extraneous factors in the month following the end of the financial year which relate to the cash flow improvement assessed at the applicable financial year end.
12. The Committee approved a recommendation by management to award a score of 3.5 in recognition of the significant work done by the team on these value-enhancing business initiatives and the overall performance of the business under challenging conditions.
13. The targets for Turnaround incentive 2 were based on Forecast 1, prepared in April 2019 and finalised in May 2019. However, targets were set on the basis of "old accounting" practices and, as they are published in the Remuneration Report, have not been restated for the reviewed accounting policies. A detailed assessment was undertaken to assess the impact of the restatements on the targets and various adjustments (both favourable and unfavourable) have been made to ensure the FY2020 results are comparable with the targets and that there is a consistent, like-for-like basis for assessing performance. The major impacts identified are as follows: the accounting policy for land sales had not been revised and the targets were set using the date of signature of the agreement as the date profit is recorded. To correct for this, gross profit from all historical sales re-recognised in the current year have been reversed, while gross profit from certain deals concluded during the year has been included; and secondly, various financing arrangements had been incorrectly classified in both the historical financials and the targets and this has necessitated certain adjustments to the cash flows.
14. The low safety outcome is a result of poor target setting in respect of leading indicators and not a reflection of the company's commitment to safety.

Personal performance

Executive director	Personal score (out of 5)	Assessment
Gavin Hudson	4.25	Board determined
Rob Aitken	4.0	CEO determined
Dan Marokane	4.0	CEO determined

Payment summary

The application of the bonus formula for the FY2020 STI resulted in the following payments in FY2021

Executive director	Business score based on Corporate outcomes	Personal score	On-target percentage	Total STI = total GP X on-target % X business score X personal score Rands	Total STI as a % of GP
Gavin Hudson	134%	131.3%	70%	9 359 896	123.3%
Rob Aitken	134%	125%	50%	4 056 727	83.9%
Dan Marokane	134%	125%	50%	4 437 806	83.9%

LONG-TERM INCENTIVES

Awards made in 2020
No LTI awards were made during 2020.

Awards vesting with reference to the 2020 financial year
The 2016 SARS and LTIP awards awarded on 6 June 2016 (i.e. FY2017) performance period ended on 31 March 2020 and the vesting outcomes are reflected below:

SARS

Performance condition	Target	Vesting period	Vesting achieved for 2020
HEPS	Growth of greater than CPI + 6% for year ending 31 March 2019 compared to year ending 31 March 2016 for 100% vesting and 0% (threshold) if HEPS for the year ending 31 March 2019 compared to year ending 31 March 2016 is CPI -6%, with linear vesting in between.	3 years	0%, as the average HEPS was negative and below the threshold of 678.1cps

LTIP

Performance condition	Target	Vesting outcome		Achievement and vesting outcome for 2020
TSR (25% weighting) Comparator Group: AECI Limited, Astral Foods Limited, AVI Limited, Clover Industries Limited, Crookes Brothers Limited, Nampak Limited, Omnia Holdings Limited, Oceana Group Limited, Pioneer Foods Group Limited, RCL Foods Limited, Sappi Limited and Tiger Brands Limited	3-year TSR vesting scale for a population of 12 other companies against which Tongaat Hulett is ranked and has competed	Positions 6 - 12 Positions 1 - 5	Linear, between 98% and 14% vesting respectively based on ranking position 100%	The company ranked in last position (13 out of 13), resulting in a 0% vesting of the portion of the LTIP award linked to TSR
ROCE (25% weighting)	Below lower limit	0%		ROCE was negative. The vesting outcome was 0%
	Lower limit	9% = 30%		
	Upper limit	12% = 100%		
	Linear vesting in between			
Sugar production (25% weighting)	Between 1.45 and 1.60 million tons sugar.	30% to 100%	Linear vesting between these points	Sugar production was 1.337 million tons The vesting outcome was 0%
Three-year land conversion cash generation (25% weighting)	Between R2.5 and R4.3 billion	30% to 100%	Linear vesting between these points	Large land deals were R1.777 billion resulting in a 0% vesting of this portion of the LTIP
Total vesting percentage				**0%**

DBP

Please refer to the schedule of vested and unvested awards.

SCHEDULE OF VESTED AND UNVESTED LTI AWARDS

	2019							2020					
	Opening number on 1 April 2018 (Number of awards)	Granted during 2019 (Number of awards)	Forfeited/ lapsed during 2019 (Number of awards)	Exercised/ settled during 2019 (Number of awards)	Closing number on 31 March 2019 (Number of awards)	Cash value on settlement during 2019 (ZAR)	Closing estimated fair value at 31 March 2019[1] (ZAR)	Granted during 2020[2] (Number of awards)	Forfeited/ lapsed during 2020 (Number of awards)	Exercised/ settled during 2020 (Number of awards)	Closing number on 31 March 2020 (Number of awards)	Cash value on settlement during 2020 (ZAR)	Closing estimated fair value at 31 March 2020[1] (ZAR)
Former executive directors													
PH Staude[11]													
Share Appreciation Rights Scheme[3]													
29 May 12	65 845		-65 845		-		-				-		
29 May 13	-				-		-				-		-
26 May 14	-				-		-				-		-
28 May 15[4]	123 414		-123 414		-		-		-		-		-
6 Jun 16[5]	111 172				111 172		-		-111 172		-		-
29 May 17	106 763				106 763		-				106 763		-
Long-term incentive plan[6]													
28 May 15	46 660		-34 048	-12 612	-	1 094 160			-	-	-	-	
6 Jun 16[5]	47 766				47 766		-		-47 766		-		
29 May 17	52 041				52 041		-				52 041		-
Deferred Bonus Plan[6]													
28 May 15	13 405			-13 405	-	1 069 638				-	-	-	
30 May 16[7]	9 301				9 301		186 020				9 301		25 764
29 May 17	19 883				19 883		386 471				19 883		55 076
						2 163 798	**572 491**					**-**	**80 840**
MH Munro[12]													
Share Appreciation Rights Scheme[3]													
31 May 11	28 669		-28 669		-						-		
29 May 12	22 439		-22 439		-		-				-		
29 May 13	-		-		-		-				-		-
26 May 14	-		-		-		-				-		-
28 May 15[4]	52 248		-52 248		-		-				-		-
6 Jun 16[5]	49 654		-49 654		-		-				-		-
29 May 17	47 177		-47 177		-		-				-		-
Long-term incentive plan[6]													
28 May 15	19 753		-14 414	-5 339	-	463 499			-	-	-	-	
6 Jun 16	21 334		-21 334		-		-		-		-		
29 May 17	22 996		-22 996		-		-				-		-
Deferred Bonus Plan[6]													
28 May 15	4 114			-4 114	-	329 031				-	-	-	
30 May 16	3 092		-3 092		-		-		-		-		
29 May 17	6 657		-6 657		-		-				-		-
						792 530	**-**					**-**	**-**
Current executive director													
RD Aitken													
Share Appreciation Rights Scheme[3]													
20 Sep 18		19 418			19 418		-				19 418		-
Long-term incentive plan[6]													
20 Sep 18		12 011			12 011		-				12 011		-
Long-term incentive plan - Retention Awards[9]													
2 Jan 18[8]		15.000			15 000		279 035				15 000		39 678
20 Sep 18		5.000			5 000		91 392				5 000		12 996
					-		**370 427**					**-**	**52 674**

	2019							2020					
	Opening number on 1 April 2018 (Number of awards)	Granted during 2019 (Number of awards)	Forfeited/ lapsed during 2019 (Number of awards)	Exercised/ settled during 2019 (Number of awards)	Closing number on 31 March 2019 (Number of awards)	Cash value on settlement during 2019 (ZAR)	Closing estimated fair value at 31 March 2019[1] (ZAR)	Granted during 2020[2] (Number of awards)	Forfeited/ lapsed during 2020 (Number of awards)	Exercised/ settled during 2020 (Number of awards)	Closing number on 31 March 2020 (Number of awards)	Cash value on settlement during 2020 (ZAR)	Closing estimated fair value at 31 March 2020[1] (ZAR)
Prescribed officers													
SD Mtsambiwa[11]													
Share Appreciation Rights Scheme[3]													
29 May 12	13 822		-13 822		-		-				-		
29 May 13	-				-		-				-		-
26 May 14	-				-		-				-		-
28 May 15[4]	42 510		-42 510		-		-				-		-
6 Jun 16[5]	38 294				38 294		-		-38 294		-		-
29 May 17	40 372				40 372		-				40 372		-
20 Sep 18		22 713			22 713		-				22 713		-
Long-term incentive plan[6]													
28 May 15	15 440		-11 267	-4 173	-	333 623					-		
6 Jun 16[5]	15 806				15 806		-		-15 806		-		
29 May 17	19 679				19 679		-				19 679		-
20 Sep 18		11 188			11 188		-				11 188		-
Deferred Bonus Plan[6]													
28 May 15	4 071			-4 071	-	321 444				-	-	-	
30 May 16[7]	3 054				3 054		61 080				3 054		8 460
						655 067	**61 080**					**-**	**8 460**
RDSS Cumbi[11]													
Share Appreciation Rights Scheme[3]													
29 May 12	11 436		-11 436		-		-				-		
29 May 13	-				-		-				-		-
26 May 14	-				-		-				-		-
28 May 15[4]	26 474		-26 474		-		-				-		-
6 Jun 16[5]	26 793				26 793		-		-26 793		-		-
29 May 17	30 614				30 614		-				30 614		-
20 Sep 18		35 932			35 932		-				35 932		-
Long-term incentive plan[6]													
28 May 15	9 615		-7 016	-2 599	-	207 798			-	-	-	-	
6 Jun 16[5]	11 059				11 059		-		-11 059		-		
29 May 17	14 923				14 923		-				14 923		-
20 Sep 18		19 836			19 836		-				19 836		-
Deferred Bonus Plan[6]													
28 May 15	2 317			-2 317	-	182 964				-	-	-	
30 May 16[7]	1 801				1 801		36 020				1 801		4 989
29 May 17	5 073				5 073		98 605				5 073		14 052
						390 762	**134 625**					**-**	**19 041**
MN Mohale[11]													
Share Appreciation Rights Scheme[3]													
29 May 12	15 277		-15 277		-		-				-		
29 May 13	-				-		-				-		-
26 May 14	-				-		-				-		-
28 May 15[4]	33 277		-33 277		-		-				-		-
6 Jun 16[5]	31 025				31 025		-		-31 025		-		-
29 May 17	34 671				34 671		-				34 671		-
20 Sep 18		40 314			40 314		-				40 314		-
Long-term incentive plan[6]													
28 May 15	12 087		-8 820	-3 267	-	258 619			-	-	-	-	
6 Jun 16[5]	12 806				12 806		-		-12 806		-		
29 May 17	16 900				16 900		-				16 900		-
20 Sep 18		22 255			22 255		-				22 255		-
Deferred Bonus Plan[6]													
28 May 15	2 891			-2 891	-	232 401				-	-		
30 May 16	2 153				2 153		43 060		-2 153		-	6 569	
29 May 17	5 011				5 011		97 400				5 011		13 880
						491 020	**140 460**					**6 569**	**13 880**

	2019							2020					
	Opening number on 1 April 2018 (Number of awards)	Granted during 2019 (Number of awards)	Forfeited/ lapsed during 2019 (Number of awards)	Exercised/ settled during 2019 (Number of awards)	Closing number on 31 March 2019 (Number of awards)	Cash value on settlement during 2019 (ZAR)	Closing estimated fair value at 31 March 2019[1] (ZAR)	Granted during 2020[2] (Number of awards)	Forfeited/ lapsed during 2020 (Number of awards)	Exercised/ settled during 2020 (Number of awards)	Closing number on 31 March 2020 (Number of awards)	Cash value on settlement during 2020 (ZAR)	Closing estimated fair value at 31 March 2020[1] (ZAR)
Prescribed officers													
ME Deighton[12]													
Share Appreciation Rights Scheme[3]													
29 May 12	14 156		-14 156		-		-		-		-		
29 May 13	-				-		-		-		-		-
26 May 14	-				-		-		-		-		-
28 May 15[4]	30 127		-30 127		-		-		-		-		-
6 Jun 16[5]	29 038				29 038		-		-29 038		-		-
29 May 17	32 757				32 757		-		-32 757		-		-
20 Sep 18		38 806			38 806		-		-38 806		-		-
Long-term incentive plan[6]													
28 May 15	10 943		-7 985	-2 958	-	235 509					-	-	
6 Jun 16	11 986				11 986		-		-11 986		-		
29 May 17	15 967				15 967		-		-15 967		-		-
20 Sep 18		21 422			21 422		-		-21 422		-		-
Long-term incentive plan - Retention Awards[9]													
28 May 15[14]	10 000				10 000		199 561				10 000		27 700
Deferred Bonus Plan[6]													
28 May 15	3 188			-3 188	-	251 731				-	-	-	
30 May 16	2 991				2 991		59 820		-2 991		-		-
29 May 17	4 339				4 339		84 338		-4 339		-		-
						487 240	**343 720**					**-**	**27 700**
G Macpherson													
Share Appreciation Rights Scheme[3]													
29 May 12	12 646		-12 646		-		-				-		
29 May 13					-		-				-		-
26 May 14	-				-		-				-		-
28 May 15[4]	29 061		-29 061		-		-				-		-
6 Jun 16[5]	27 749				27 749		-		-27 749		-		-
29 May 17	31 157				31 157		-				31 157		-
20 Sep 18		36 569			36 569		-				36 569		-
Long-term incentive plan[6]													
28 May 15	10 555		-7 702	-2 853	-	226 111			-	-	-	-	
6 Jun 16[5]	11 454				11 454		-		-11 454		-		
29 May 17	15 187				15 187		-				15 187		-
20 Sep 18		20 188			20 188		-				20 188		-
Long-term incentive plan - Retention Awards[9]													
28 May 15	10 000				10 000		199 561			-10 000	-	30 342	-
Deferred Bonus Plan[6]													
28 May 15	3 215			-3 215	-	258 443	-			-	-		
30 May 16	3 220				3 220		64 400			-3 220	-	9 660	
29 May 17	5 259				5 259		102 221				5 259		14 567
						484 554	**366 182**					**40 003**	**14 567**

2019								2020					
	Opening number on 1 April 2018 (Number of awards)	Granted during 2019 (Number of awards)	Forfeited/ lapsed during 2019 (Number of awards)	Exercised/ settled during 2019 (Number of awards)	Closing number on 31 March 2019 (Number of awards)	Cash value on settlement during 2019 (ZAR)	Closing estimated fair value at 31 March 2019[1] (ZAR)	Granted during 2020[2] (Number of awards)	Forfeited/ lapsed during 2020 (Number of awards)	Exercised/ settled during 2020 (Number of awards)	Closing number on 31 March 2020 (Number of awards)	Cash value on settlement during 2020 (ZAR)	Closing estimated fair value at 31 March 2020[1] (ZAR)
Prescribed officers													
BR Gumede[15]													
Share Appreciation Rights Scheme[3]													
06 Jun 16[5]							-	12 240	-12 240		-		-
29 May 17							-	12 190			12 190		-
20 Sep 18							-	14 153			14 153		-
Long-term incentive plan[6]													
6 Jun 16[5]					-		-	5 052	-5 052		-		-
29 May 17					-		-	5 942			5 942		-
20 Sep 18					-		-	7 813			7 813		-
Deferred Bonus Plan[6]													
29 May 17					-		-	1 444			1 444		4 000
						-	**-**					**-**	**4 000**
DL Marokane[15]													
Share Appreciation Rights Scheme[3]													
20 Sep 18					-		-	38 619			38 619		-
Long-term incentive plan[6]													
20 Sep 18					-		-	21 319			21 319		-
Long-term incentive plan - Retention Awards[9]													
2 Jan 18					-		-	15 000			15 000		39 678
Management share ownership plan[10]													
2 Jan 18					-		-	35 000			35 000		92 582
						-	**-**					**-**	**132 260**

1. Depending on the vesting date, awards are included at the intrinsic value or an indicative fair value as at 31 March 2019 and 31 March 2020. These take into account the 20day VWAP as at the relevant year end and the estimated achievement of performance conditions.
2. SARS, LTIP, RLTIP and DBP awards were not made during FY2020.
3. SARS awards vest on the third anniversary of the grant date and lapse on the seventh anniversary of the grant date.
4. SARS awarded on 28 May 2015 vested on 28 May 2018. All the allocated SARS awards were forfeited as the performance conditions were not met.
5. SARS and LTIP awarded on 6 June 2016 vested on 6 June 2019. All the allocated SARS and LTIP awards were forfeited as the performance conditions were not met.
6. LTIP and DBP awards vest on the third anniversary of the grant date.
7. DBP awards made on 30 May 2016 to PH Staude (former CEO), RDSS Cumbi and SD Mtsambiwa were withheld pending litigation. The fair values of these awards have been disclosed and the vesting outcome of these awards will be determined when the litigation process has been finalised.
8. The 15 000 retention LTIPs disclosed as awards allocated during 2019 represent the opening balance from FY2018. These awards were allocated to RD Aitken on 2 January 2018, however, they have been disclosed in FY2019 as he only became an executive director in FY2019.
9. LTIP Retention awards vest on the fourth anniversary of the grant date.
10. Awards made under the management share ownership plan are not subject to performance conditions and vest on their fifth anniversary from grant date. The BEE transaction of 2007, which comprised the ESOP and MSOP, vested in 2012 and is in the process of being wound up with no further allocations being made.
11. PH Staude, RDSS Cumbi, SD Mtsambiwa and MN Mohale retired and will continue to participate in the LTI schemes as retirement is a no-fault termination.
12. MH Munro (former CFO) and ME Deighton resigned, therefore will not participate in the LTI schemes as this is a fault termination. As such 100% of their outstanding LTIs (SARS/LTIP/DBP) have been forfeited.
13. No LTI awards (LTIP/SARS/DBP) have been made to JG Hudson and S Harvey since their appointment on 1 February 2019 and 1 April 2019 respectively.
14. The RLTIP awards made on 28 May 2015 for ME Deighton were held back pending litigation. The fair values of these awards have been disclosed and the vesting outcome of these awards will be determined when the litigation process has been finalised.
15. BR Gumede and DL Marokane were appointed as a prescribed officer and executive director respectively on 1 April 2019, therefore the awards disclosed as granted during the 2020 financial year represent opening balances.

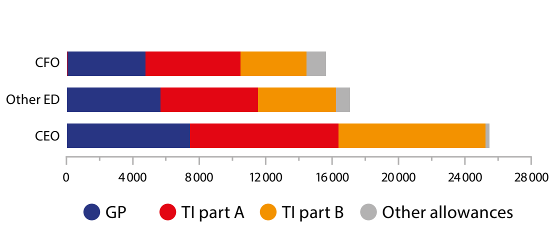
SINGLE FIGURE OF REMUNERATION

2019							2020						
All figures stated in R 000	Cash package	Retirement and medical aid	Cash bonus (2019 STI)[1]	Other allowances	LTI reflected[4 6]	Total single figure remuneration	Cash package	Retirement and medical aid	Cash bonus		Other allowances	LTI reflected[5 6]	Total single figure remuneration
									Turnaround incentive One[2]	Turnaround incentive Two (2020 STI)[3]			
Former executive directors													
PH Staude[7]	5 492	785	-	7 233	-	13 510							
MH Munro[8]	1 954	293	-	-	-	2 247							
Current executive directors													
JG Hudson[9]	1 100	149	-	2 014	-	3 263	6 600	946	8 475	9 360	36	-	25 417
RD Aitken[10 11 12]	2 135	308	-	-	342	2 785	4 205	681	5 400	4 057	1 000	-	15 342
DL Marokane[13]							4 600	766	5 907	4 438	1 000	-	16 711
	10 681	**1 535**	**-**	**9 247**	**342**	**21 805**	**15 405**	**2 393**	**19 781**	**17 854**	**2 036**	**-**	**57 470**
Former prescribed officers													
SD Mtsambiwa[14]	6 721	1 237	-	1 035	-	8 993							
RDSS Cumbi[15]	4 280	652	-	1 961	-	6 893							
MN Mohale[16]	4 402	689	-	2 811	-	7 902							
Current prescribed officers													
ME Deighton[17]	4 622	695	-	-	-	5 317	770	117	-	-	1 088	-	1 975
G Macpherson[18]	4 356	605	-	-	-	4 961	4 356	611	5 593	4 470	-	-	15 030
BR Gumede[19]							2 331	522	2 993	1 521	-	-	7 368
S Harvey[20]							4 800	743	6 164	5 285	750	-	17 742
	24 381	**3 878**	**-**	**5 807**	**-**	**34 066**	**12 257**	**1 993**	**14 750**	**11 277**	**1 838**	**-**	**42 115**

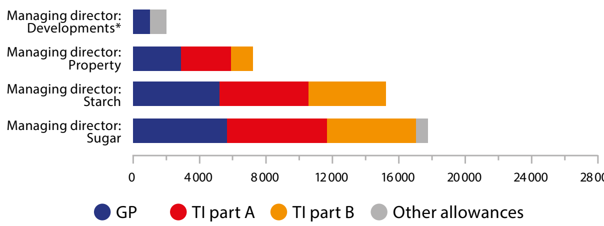
1. No bonuses were paid for the 31 March 2019 financial period.
2. The Turnaround incentive: Incentive One was introduced at the beginning of the 31 March 2020 financial period, where the company has to perform against set milestones over a 2-year performance period. The values included in the single figure table relate to the 31 March 2020 performance period.
3. The Turnaround incentive: Incentive Two is a short-term incentive plan that was introduced at the beginning of the 31 March 2020 financial period. The bonuses relate to the 31 March 2020 performance period.
4. The value of the SARS and LTIP awards made on 6 June 2016 with a performance period ending on 31 March 2019 is reflected in the 2019 single figure remuneration. As the SARS and LTIP performance conditions were not met, it is reflected as zero.
5. The value of the SARS and LTIP awards made on 29 May 2017 with a performance period ending on 31 March 2020 is reflected in the 2020 single figure remuneration. As the SARS and LTIP performance conditions were not met, it is reflected as zero.
6. There were no DBP awards made in 2019 and 2020, as such these have not been reflected in the single figure remuneration.
7. The FY2019 remuneration disclosed for PH Staude relates to the period 1 April 2018 up until 31 October 2018, when he retired from the Board. His other allowances included R4.27 million for retirement gratuity and R2.96 million in respect of leave pay as per company policy on retirement prevailing at the time. The figure excludes R480 000 received in an advisory capacity for the period November 2018 to March 2019.
8. MH Munro's remuneration is for the period 1 April 2018 up until 7 August 2018, when he resigned from the Board.
9. JG Hudson's remuneration for the 2019 financial year relates to the period 1 February 2019 to 31 March 2019. His other allowances include a sign on bonus of R2 million paid on commencement of employment, to compensate for vacating a higher paying position.
10. RD Aitken's remuneration for the 2019 financial year relates to the period 7 August 2018 to 31 March 2019. Included in his cash package is an acting CFO allowance of R416 000 for the period August 2018 to February 2019.
11. The value of the retention LTIP awards made to RD Aitken on 2 September 2018 is reflected in the 2019 single figure.
12. An ex gratia amount of R500 000 was not disclosed in 2019 as RD Aitken was not an Executive Director. Included in other allowances for RD Aitken for the 2020 financial year is an outstanding ex gratia payment of R1 million (out of R1.5 million) in recognition of forfeited long-term incentive from his previous employer. The benefit was paid on completion of 2 years service.
13. DL Marokane was appointed to Exco effective 1 April 2019. His remuneration is for the period 1 April 2019 to 31 March 2020. His other allowance is an outstanding ex gratia sign-on bonus payment of R1 million (out of R2 million). The benefit was payable on completion of 2 years' service.
14. SD Mtsambiwa was appointed as Interim CEO on 1 November 2018 until 31 January 2019. His remuneration for FY2019 is for the period 1 April 2018 to 31 March 2019. The other allowances relate to a relocation allowance of R552 000, rentals of R244 000, utilities R13 000 and travel costs of R226 000. An Exchange rate of 14.5 (2019) was used to convert US$ to Rand.
15. RDSS Cumbi retired on 31 March 2019. Other allowances of R1.96 million includes a retirement gratuity of R983 000 and leave pay of R978 000 as per company policy prevailing at the time.
16. MN Mohale retired on 28 February 2019. Other allowances includes a retirement gratuity of R1.64 million and leave pay of R1.17 million as per company policy prevailing at the time.
17. ME Deighton resigned with effect from 31 May 2019. The other allowance of R1.08 million relates to his leave pay.
18. Included in G Macpherson's Turnaround incentive: Incentive Two (2020 STI) is a bonus of R174 000 that has been paid to him. The bonus payment relates to Starch's performance for the 31 March 2019 financial period.
19. BR Gumede was appointed acting MD for Property in April 2019 and was permanently appointed into the position in November 2019. His remuneration is for the period 1 April 2019 to 31 March 2020.
20. S Harvey was appointed on 1 April 2019. His other allowance of R750 000 relates to the first payment (out of R1.5 million) of an ex gratia sign-on bonus.

ACTUAL PACKAGE PAY MIX (R000)

Executive directors
Actual package (R 000)



Prescribed officers
Actual package (R '000)



* ME Deighton resigned with effect from 31 May 2019

NON-EXECUTIVE DIRECTOR FEES

The new Committee is concerned about the quantum of fees paid to NEDs in the past and has agreed to rebase these.

The Committee recommended a zero percent increase in the NED fees in 2020 which was approved at the 2019 AGM.

The details relating to the NEDs fees for the year ending 31 March 2021 are disclosed below.

NED fees are currently paid in terms of an annual retainer and attendance fee component. At the request of the Committee, and in keeping with its concern about the quantum and basis of paying fees, the company investigated the structuring of NEDs' remuneration on an all-inclusive fixed fee basis irrespective of the number of meetings attended. An independent benchmarking exercise was performed against the same two comparator groups as in the executive director benchmark exercise, one group reflecting Tongaat Hulett's size and complexity pre-sale of the starch business and the other using the expected market capitalisation post the sale. A fixed fee was consistent with the approach followed by 16 companies out of the 19 companies included in the comparator groups. After consideration of the exceptional demands made on the expertise and availability of the NEDs and the personal reputational risk involved, the company has therefore recommended that in FY2021 the NED fees are fixed for the period and benchmarked at the 75th percentile of the midpoint existing between both comparator groups. This is a temporary deviation from the median market position as stated in the remuneration policy. This change to a fixed fee structure, notwithstanding the market positioning, will contain meeting costs during a time where additional meetings are required to steer the business through the "business unusual" times and reduce the actual fees to be earned by the NEDs by approximately 30%. The proposed fees are as follows:

	NED current annual fees approved at 2019 AGM				NED proposed annual fees to be approved at 2020 AGM[2]	% Reduction in 2021 proposed fee relative to 2020 actual fee
	Retainer fee	Attendance fee per meeting	Total fees	Number of standard meetings		
Chairman[1]	1 300 000	0	1 300 000	5	1 300 000	0%
Board Members (non-executives)	249 255	33 234	415 425		372 800	10%
Audit and Compliance Committee						
Chairman	244 719	54 382	516 629	5	334 700	35%
Members who are non-executive directors	122 372	27 187	258 307		167 600	35%
Remuneration Committee						
Chairman	195 250	43 368	368 722	4	205 000	44%
Members who are non-executive directors	97 618	21 684	184 354		106 400	42%
Risk, Capital and Investment Committee						
Chairman	195 250	43 368	368 722	4	233 500	37%
Members who are non-executive directors	97 618	21 684	184 354		122 300	34%
Nomination and Directors Affairs Committee						
Chairman	195 250	43 368	368 722	4	137 700	63%
Members who are non-executive directors	97 618	21 684	184 354		92 700	50%
Social, Ethics, Health and Safety Committee						
Chairman	195 250	43 368	281 986	2	188 400	33%
Members who are non-executive directors	97 618	21 684	140 986		104 600	26%
Strategy, Transformation and Operations Committee						
Chairman	195 250	43 368	368 722	4	205 000	44%
Members who are non-executive directors	97 618	21 684	184 354		106 400	42%
Legal and Regulatory Committee[3]						
Chairman		4 000 (per hour)		Ad Hoc	3 000 (per hour)	25%
Members who are non-executive directors		4 000 (per hour)			3 000 (per hour)	25%

1. The Chairman has elected not to receive an increase on his fixed fee.
2. The annualised earnings of NEDs on the fixed fee basis are approximately 30% less than the retainer/attendance fee basis.
3. This is an Ad Hoc Committee that has been established to deal with the PwC forensic report and has no set number of meetings.

NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY - PART 3

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 19 August 2020.

SHARE OWNERSHIP ANALYSIS AS AT 31 MARCH 2020

Shareholder Spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 - 1 000	5 316	71.71%	1 278 667	0.95%
1 001 - 10 000	1 613	21.76%	5 559 778	4.11%
10 001 - 100 000	366	4.94%	11 441 463	8.47%
100 001 - 1 000 000	99	1.34%	28 667 299	21.22%
Over 1 000 000	19	0.26%	88 165 299	65.25%
Total	**7 413**	**100.00%**	**135 112 506**	**100.00%**

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance Companies	20	0.27%	923 154	0.68%
Tongaat Hulett BEE Entities	2	0.03%	599 802	0.44%
Close Corporations	40	0.54%	68 333	0.05%
Collective Investment Schemes	135	1.82%	36 074 682	26.70%
Control Accounts	5	0.07%	1 852	0.00%
Custodians	34	0.46%	170 469	0.13%
Foundations and Charitable Funds	51	0.69%	477 159	0.35%
Hedge Funds	1	0.01%	9 917	0.01%
Insurance Companies	5	0.07%	943 092	0.70%
Investment Partnerships	20	0.27%	442 921	0.33%
Managed Funds	25	0.34%	12 526 470	9.27%
Medical Aid Funds	9	0.12%	34 354	0.03%
Organs of State	7	0.09%	22 487 511	16.64%
Private Companies	162	2.19%	22 545 161	16.69%
Public Companies	2	0.03%	543	0.00%
Public Entities	3	0.04%	6 667	0.00%
Retail Shareholders	6 284	84.77%	12 640 115	9.36%
Retirement Benefit Funds	144	1.94%	20 024 636	14.82%
Scrip Lending	5	0.07%	381 960	0.28%
Tongaat Hulett Share Schemes	7	0.09%	641 294	0.47%
Sovereign Funds	1	0.01%	12 078	0.01%
Stockbrokers and Nominees	39	0.53%	1 359 481	1.01%
Trusts	398	5.37%	2 714 401	2.01%
Unclaimed Scrip	14	0.19%	26 454	0.02%
Total	**7 413**	**100.00%**	**135 112 506**	**100.00%**

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-Public Shareholders	**13**	**0.18%**	**18 689 933**	**13.83%**
Directors, associates and prescribed officers of the company	2	0.03%	94 959	0.07%
Tongaat Retirement Fund	1	0.01%	23 789	0.02%
Tongaat Share Schemes	7	0.09%	641 294	0.47%
BEE Entities (TH infrastructure SPV Propriety Limited and yoMoba SPV Propriety Limited)	2	0.03%	599 802	0.44%
Shareholder holding > 10% of the shares in issue				
Government Employees Pension Fund	1	0.01%	17 330 089	12.83%
Public Shareholders	**7 400**	**99.82%**	**116 422 573**	**86.17%**
Total	**7 413**	**100.00%**	**135 112 506**	**100.00%**

Beneficial shareholders with a holding greater than 3% of the issued shares			Number of shares	% of issued capital
Government Employees Pension Fund			21 640 669	16.02%
PSG Asset Management			17 143 658	12.69%
Depfin Investments (Pty) Ltd			12 252 587	9.07%
Rand Merchant Bank			10 371 834	7.68%
Evanstan Investments (Pty) Ltd			9 372 201	6.94%
Ninety-One			6 188 739	4.58%
Metal and Engineering Industries Benefit Funds			5 316 073	3.93%
Dimensional Fund Advisors			4 372 351	3.24%
Total			**86 658 112**	**64.14%**

CORPORATE INFORMATION

Tongaat Hulett Limited
Registration Number: 1892/000610/06
JSE Share Code: TON
ISIN: ZAE 000096541

Company Secretary
JJ van Rooyen

Registered address
Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal

Postal address
P O Box 3
Tongaat, 4400

Tel no: +27 32 439 4000
FAX no: +27 32 945 3333
Website: www.tongaat.com
email: 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

Transfer Secretaries
Computershare Investor
Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
P O Box 61051
Marshalltown, 2017

SHAREHOLDER CALENDAR

Financial year end		**31 March**
Annual general meeting		September
Reports and profit statements:		
Interim results		December
Annual results and final dividend declaration		June
Annual Financial Statements		June
Dividends:		
Interim	Declared	December
	Paid	February
Final	Declared	June
	Paid	August

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the annual general meeting of shareholders of Tongaat Hulett Limited to be conducted entirely by electronic communication (as permitted by the Companies Act, No. 71 of 2008, as amended (the Act) and by the company's memorandum of incorporation) at 9:30 (South African Standard Time) on Monday, 28 September 2020 (the AGM).

RECORD DATES

The Board of directors of the company (the Board) has determined that the date on which a person must be recorded as a shareholder in the company's securities register in order to:

- receive notice of the AGM is Friday, 21 August 2020; and
- participate in and vote in the AGM is Friday, 18 September 2020.

ORDER OF BUSINESS

1. To present the audited consolidated Annual Financial Statements of the company for the financial year ended 31 March 2020, including the reports of the Board, the Social, Ethics, Health and Safety Committee and the Audit and Compliance Committee (the Audit Committee), such Annual Financial Statements having been approved by the Board as required by section 30(3)(c) of the Act.

   These financial statements are available on the company's website, www.tongaat.com.

2. To present the 2020 Integrated Annual Report (the Annual Report), containing the disclosures required as per the JSE Listings Requirements.

   The Integrated Annual Report is available on the company's website, www.tongaat.com.

3. To consider and, if deemed fit, pass (with or without modification) the ordinary and special resolutions set out below:

APPROVAL THRESHOLDS

SPECIAL RESOLUTIONS:

Each special resolution must be supported by at least 75% of the total number of votes exercised on the resolution.

ORDINARY RESOLUTIONS:

Unless otherwise provided, each ordinary resolution must be supported by more than 50% of the total number of votes exercised on the resolution.

Ordinary Resolution Number 1

"Resolved that, as required by section 90(1) of the Act, and as recommended by the Audit Committee, Deloitte be and is hereby re-appointed as external auditors for the financial year ending 31 March 2021 (with Mark Holme as individual designated auditor)."

At the previous AGM the Audit Committee undertook to rotate the external auditor for the 2021 financial year, in line with the trend of the early adoption of mandatory audit firm rotation that becomes effective in 2023. Deloitte have been the company's external auditors for 82 years. The Audit Committee and Board are still committed to rotate auditors as soon as possible, but both the internal circumstances in the group, as well as the external challenges resulting from the COVID-19 pandemic, have led the Audit Committee and the Board to consider the need to delay this rotation to the 2022 financial year. These circumstances are further elaborated on below. Following a market review and assessment of auditing firms, the Board is at an advanced stage of a selection process to appoint a global firm to perform the 2022 financial year audit, subject to shareholders' approval at the 2021 AGM.

This proposal to re-appoint Deloitte for the 2021 financial year is made for a number of reasons:

- in light of the significant time delays caused by the COVID-19 pandemic and the material adverse change (MAC) dispute declared by KLL Group Proprietary Limited in relation to the sale of the company's starch business, the financial reporting deadline extension granted by the JSE was utilised by the company. As a result, the review of the 30 September 2020 interim results will need to take place almost immediately after publication of the financial results for the year ended 31 March 2020. In light of the aforementioned circumstances, it would be extremely difficult to rotate auditors in a responsible manner in order for the new auditors to be well equipped to perform an audit for the financial year ending 31 March 2021. The role of the auditors in publishing the interim results for the six months ending 30 September 2020, which the Audit Committee would want to be subject to a review, would be even more challenging for the incoming auditors;
- successful transitioning to a new firm of auditors can only be achieved if sufficient time is allowed to ensure that the incoming auditors get to fully understand the nature of the business, financial reporting structure and processes, and in the case of the company, also the nature and extent of the restatements of the financial results for the year ended 31 March 2018, the findings of the forensic investigation and the revised accounting policies adopted;
- a number of transactions that form part of the turnaround initiatives of the company that require shareholders' approval, will also require the statutory auditors of the company to either audit or review the historical financial information contained in the respective circulars. To involve new external auditors in this process will cause significant delays and could delay the successful implementation of the turnaround initiatives;
- if an equity capital raise that involves a US placement is undertaken by the company, an underwriter will require comfort letters from our external auditors. New auditors will not be able to issue such letters without having signed an audit opinion on the 2020 Annual Financial Statements;
- Deloitte has for purposes of the audit for the financial year ending 31 March 2021 committed to continue with the same senior audit team to ensure continuity. For the 2019 and 2020 reporting periods, this audit team replaced the previous audit team in order to enhance objectivity and independence. Furthermore, Deloitte's quality control process over the audit has been significantly enhanced with both local and global oversight.

The Audit Committee is currently in discussion with another audit firm on their appointment as the external auditors for FY2022. That firm is currently performing its own internal processes for client acceptance in respect of the proposed appointment and once both the firm and the Audit Committee have reached agreement, the appointment will be submitted to the Board for approval and the JSE will be notified accordingly.

Therefore, the Audit Committee, supported by the Board, is proposing that Deloitte be re-appointed as external auditors for the financial year ending 31 March 2021 and that Mark Holme, who acted as the Group Head Office partner for the FY2019 and FY2020 audits, be appointed as the engagement partner, replacing Ruwayda Redfearn. Ms Redfearn will be moving out of the Audit and Assurance business to take up a new role within Deloitte but will be involved in supporting both Mr Holme, and be part of the team transitioning the FY2022 audit to the new auditors.

Ordinary Resolution Number 2

"Resolved that L von Zeuner, who retires by rotation, and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the company."

The Nomination Committee has assessed L von Zeuner and the Board unanimously recommends his re-election. Details of L von Zeuner are set out on page 10 of the Integrated Annual Report.

Ordinary Resolution Number 3

"Resolved that L de Beer, who retires by rotation, and, being eligible, offers herself for re-election, be and is hereby re-elected as a director of the company."

The Nomination Committee has assessed L de Beer and the Board unanimously recommends her re-election. Details of L de Beer are set out on page 10 of the Integrated Annual Report.

Ordinary Resolution Number 4

Resolved that D Noko, having been appointed by the Board on 1 July 2020, and, due to the requirements of the Act, having offered himself for election, and being eligible, be and is hereby elected as a director of the company."

The Board unanimously recommends D Noko's election. Details of D Noko are set out on page 11 of the Integrated Annual Report.

Ordinary Resolution Number 5

"Resolved that L Stephens, having been appointed by the Board on 15 July 2020, and, due to the requirements of the Act, having offered herself for election, and being eligible, be and is hereby elected as a director of the company."

The Board unanimously recommends L Stephens' election. Details of L Stephens are set out on page 11 of the Integrated Annual Report.

Ordinary Resolution Number 6

"Resolved, as required by section 94(2) of the Act, to elect L de Beer, an independent non-executive director, as a member and Chairman of the Audit Committee."

The Board unanimously recommends L de Beer's election. Details of L de Beer are set out on page 10 of the Integrated Annual Report.

Ordinary Resolution Number 7

"Resolved, as required by section 94(2) of the Act, to elect R Goetzsche, an independent non-executive director, as a member of the Audit Committee."

The Board unanimously recommends R Goetzsche's election. Details of R Goetzsche are set out on page 10 of the Integrated Annual Report.

Ordinary Resolution Number 8

"Resolved, as required by section 94(2) of the Act, to elect J Nel, an independent non-executive director, as a member of the Audit Committee."

The Board unanimously recommends J Nel's election. Details of J Nel are set out on page 10 of the Integrated Annual Report.

Ordinary Resolution Number 9

"Resolved that, subject to the approval of at least a 75% majority of the total number of votes exercised on this resolution, the Board be and is hereby authorised and empowered, subject to compliance with the provisions of the Act and the JSE Listings Requirements, to issue unissued ordinary shares from time to time (including, without limitation, pursuant to any options/convertible securities which the Board resolves from time to time to issue or create which are convertible or exercisable into, or will become, ordinary shares) for cash, on such terms and conditions and in such amounts as the Board may determine; 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 be valid until the company's next AGM or for 15 months from the date on which this resolution is passed, whichever period is shorter;

c) the total number of ordinary shares issued under this resolution shall not exceed 6 755 625 ordinary shares, being 5% of the number of ordinary shares in issue on the date on which this resolution is passed. In the event of a sub-division or consolidation of ordinary shares, the aforementioned number will be adjusted on a pro rata basis;

d) a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published as and when required by the JSE Listings Requirements;

e) in determining the price at which an issue of ordinary shares will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE over the 30 business days prior to the date that the price of the issue is agreed between the company and the person subscribing for the shares. The JSE will be consulted for a ruling if the ordinary shares have not traded in such 30 business day period; and

f) references in this resolution to "issues" of shares includes the use of "treasury shares" (as defined in the JSE Listings Requirements).

The Board has no immediate intention to use this authority. The Board is, however, of the opinion that this authority should be in place should it become appropriate to issue or utilise shares in the future.

The attention of shareholders is drawn to the fact that no more than 6 755 625 ordinary shares in total can be issued or utilised under the authority granted in this ordinary resolution number 9. This limit will continue to apply to such authority throughout the period over which such authority is in place. That limit to which such authority is subject will accordingly not increase merely by reason of a resolution (if any) increasing the number of authorised shares being proposed and approved at a subsequent general meeting of the company. If shareholders are requested at a subsequent general meeting to approve a resolution authorising an issue of shares under a rights offer (if any), the circular will provide that the authority granted by that resolution is limited to an issue of shares under or pursuant to a single rights offer, and the circular will specify for what purposes the rights offer proceeds will be utilised.

Ordinary Resolution Number 10

"Resolved that each director and the Company Secretary of the company (each being entitled to act individually) be and is hereby authorised, on behalf of the company, to do or cause to be done all such things, and sign or cause to be signed all such documentation, as may be necessary or desirable to give effect to the resolutions in the notice of AGM containing this resolution, and insofar as any such actions have been taken before the adoption of this resolution, such actions be and are hereby ratified and approved to the fullest extent permitted by law."

Special Resolution Number 1

GENERAL AUTHORITY TO PURCHASE SHARES IN THE COMPANY

"Resolved that the company hereby approves, as a general approval contemplated in the JSE Listings Requirements, subject to compliance with the provisions of the Act and the JSE Listings Requirements, the acquisition by:

a) the company of ordinary shares issued by it on such terms and conditions and in such amounts as the Board may determine; and

b) any subsidiary of the company of ordinary shares issued by the company on such terms and conditions and in such amounts as the Board of directors of any such subsidiary may determine;

provided that:

1. the total number of ordinary shares acquired by the company and its subsidiaries under this resolution shall not exceed 6 755 625, being 5% of the number of ordinary shares in issue on the date on which this resolution is passed. In the event of a sub-division or consolidation of ordinary shares, the aforementioned number will be adjusted on a pro rata basis;
2. such general approval shall be valid only until the next AGM of the company or the expiry of a period of 15 months from the date on which this resolution is passed, whichever occurs first;
3. such an acquisition may not be made at a price greater than 10% above the weighted average of the market value for the ordinary shares 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 ordinary shares have not traded in such five business day period;
4. the acquisitions shall 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 shall appoint, at any point in time, only one agent to effect any acquisition/s on the company's and its subsidiaries' 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 the company has in place a repurchase program where the dates and quantities of ordinary shares 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; and
7. when the company and/or its subsidiaries have cumulatively acquired 3% of the number of ordinary shares in issue on the date on which this resolution is passed, an announcement must be made giving the details required in terms of the JSE Listings Requirements, in respect of such acquisitions.

This authority will be used if the Board considers that it is in the best interests of the company to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company and/or its subsidiaries at the relevant time.

The Board has no immediate intention to use this authority to repurchase shares. The Board is, however, of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future.

The Board undertakes that the company will not commence a repurchase of shares as contemplated above unless:

- the company and the group will be able in the ordinary course of business to repay its debts for a period of 12 months after the date of the repurchase;
- the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the repurchase, for which purpose the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated Annual Financial Statements; the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase;
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase; and
- a resolution has been passed by the Board authorising the repurchase and confirming that the company and its subsidiary/ies (as applicable) have passed the solvency and liquidity test in the Act and that, since the test was performed, there have been no material changes to the financial position of the group.

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 following pages:

a. major shareholders: page 102; and
b. share capital: page 102.

The directors collectively and individually accept full responsibility for the accuracy of the information given in relation to special resolution number 1 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 Integrated Annual Report and this notice of AGM contain all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

Other than the facts and developments reported on in the Integrated Annual Report, there have been no material changes in the financial or trading position of the company and its subsidiaries since the end of the last financial year for which audited Annual Financial Statements have been published.

Reason and Effect:

In terms of the JSE Listings Requirements, a company may only make a repurchase of securities if approved by shareholders in terms of a special resolution. The reason for special resolution number 1 is to enable the company and its subsidiaries to acquire ordinary shares in accordance with the provisions of the Act and the JSE Listings Requirements as and when the Board deems it to be in the company's best interest to do so. If special resolution number 1 is passed, it will have the effect of permitting the company and its subsidiaries to acquire ordinary shares, which authority will last until the earlier of the next AGM of the company and the expiry of a period of 15 months from the date on which special resolution number 1 is passed.

Special Resolution Number 2

APPROVAL OF DIRECTORS' FEES

"Resolved, with effect from the date of the AGM at which this resolution is proposed, that the remuneration, as set out in the second table below, to directors for their service as directors of the company, as recommended by the Remuneration and Human Resources Committee and the Board, be and is hereby approved and ratified."

Proposed directors' fees from the date of this AGM to the next AGM on a fixed fee basis

Non-executive director fees are currently paid in terms of an annual retainer and attendance fee component. At the request of Remuneration and Human Resources Committee, and in keeping with its concern about the quantum and basis of paying fees, the company investigated the merits in structuring of non-executive directors' remuneration on an all-inclusive fixed fee basis irrespective of the number of meetings attended.

Board fees reduces on average by 30%, for example:

Chairman: Risk Committee
Previous year: retainer fee + (4 x attendance fees)
R244 719 + (4 x R54 382) = R368 722
New Proposed flat fee = R233 500
Reduction = 36%

Full details and the comparison of fees is dealt with on page 100 of the Integrated Annual Report.

Existing and proposed directors' fees

	NED current fees – December 2019 AGM to 2020 AGM		NED proposed fees - September 2020 to 2021 AGM*
	Retainer fee	Attendance fee per meeting	
Chairman[1]	1 300 000		1 300 000**
Board Members (non-executives)	249 255	33 234	372 800
Audit and Compliance Committee			
Chairman	244 719	54 382	334 700
Members who are non-executive directors	122 372	27 187	167 600
Remuneration Committee			
Chairman	195 250	43 368	205 000
Members who are non-executive directors	97 618	21 684	106 400
Risk, Capital and Investment Committee			
Chairman	195 250	43 368	233 500
Members who are non-executive directors	97 618	21 684	122 300
Nomination and Directors Affairs Committee			
Chairman	195 250	43 368	137 700
Members who are non-executive directors	97 618	21 684	92 700
Social, Ethics, Health and Safety Committee			
Chairman	195 250	43 368	188 400
Members who are non-executive directors	97 618	21 684	104 600
Strategy, Transformation and Operations Committee			
Chairman	195 250	43 368	205 000
Members who are non-executive directors	97 618	21 684	106 400
Legal and Regulatory Committee[3]			
Chairman		4 000 (per hour)	3 000 (per hour)
Members who are non-executive directors		4 000 (per hour)	3 000 (per hour)
Ad hoc engagements			
Day Rate***			18 000 (per day)

* This amount will be pro-rated for periods of less than 12 months.
** The role and responsibility of the Board Chairman extends beyond the preparation for and attendance at meetings, and have increased with the additional Committees. The Board Chairman's fees have been restructured on an all-inclusive fee basis, amounting to R1.3 million (excluding VAT). The Chairman's fees remain unchanged by reason of his decision to not accept an increase.
*** The day rate is payable where a non-executive director is engaged for a day, for example, for strategic sessions and operations visits.

Reason and Effect:

Sections 66(8) and (9) of the Act provide that a company may only pay remuneration to its directors for their service as directors with the approval of a special resolution. If special resolution number 2 is passed, the company will be authorised to pay its directors the remuneration specified in the second table above.

Special Resolution Number 3

FINANCIAL ASSISTANCE (SECTION 44 OF THE COMPANIES ACT)

"Resolved that the Board be and is hereby granted the authority required pursuant to section 44 of the Act to from time to time authorise the company to provide direct or indirect financial assistance (as defined in section 44 of the Act) that the Board may deem fit to any person (other than a director or prescribed officer of the company or a person related to a director or prescribed officer of the company) for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, on such terms and conditions and for such amounts as the Board may determine."

Reason and Effect:

The reason for special resolution number 3 is to grant the Board a general authority to authorise the company to provide the financial assistance referred to therein (so long as the requirements of section 44 of the Act are met). The effect of special resolution number 3 is to authorise the Board to authorise the company to provide such financial assistance.

The Board has no immediate intention to use the authority granted in this special resolution number 3. The Board is, however, of the opinion that this authority should be in place should it become appropriate to provide such financial assistance in the future.

Shareholders are reminded that, pursuant to the circular to shareholders dated 27 November 2019, the Board has and will continue to have the authority to authorise the company to provide direct or indirect financial assistance (as defined in the Act) that the Board may deem fit to any related or inter-related company or corporation of the company, or to a person related to the company or any such company or corporation.

4. To consider the following matters by way of a non-binding advisory vote:

NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY

"Resolved to endorse, through a non-binding advisory vote, the company's remuneration policy, as set out in the remuneration policy commencing on page 82 of the Integrated Annual Report."

NON-BINDING ADVISORY VOTE ON THE REMUNERATION IMPLEMENTATION REPORT

"Resolved to endorse, through a non-binding advisory vote, the company's remuneration implementation report, as set out in the remuneration implementation report commencing on page 90 of the Integrated Annual Report."

The endorsement of each of the remuneration policy and the remuneration implementation report is tabled as a non-binding advisory vote. However, the outcome of each vote will be acknowledged when considering the remuneration policy and the implementation thereof. If either the remuneration policy or the remuneration implementation report, or both, is/are voted against by 25% or more of the voting rights exercised, the Board will, as recommended by King IV™ and required by the JSE Listings Requirements, implement certain measures to initiate engagement with the relevant shareholders. The outcome thereof will be disclosed in the 2021 Integrated Annual Report.

5. Other Matters:

To transact such other business as may be transacted at an AGM.

Identification

In terms of section 63(1) of the Act, before any person may participate in the AGM, that person must present reasonable satisfactory identification to the Chairman of the meeting, who must be reasonably satisfied that such person has the right to listen in to, participate in, and vote in, the meeting, either as a shareholder or as a proxy or representative for a shareholder. Acceptable forms of identification include a valid identity document, passport or driver's license.

Voting

Certificated shareholders and own-name dematerialised shareholders are entitled to appoint a proxy to participate in and vote in the AGM in their stead. A proxy need not be a shareholder. It is requested, for administrative reasons, that Forms of Proxy be emailed or delivered to the transfer secretaries so as to be received by the transfer secretaries by no later than 09:30 (South African Standard Time) on Wednesday, 23 September 2020. If certificated shareholders or own-name dematerialised shareholders do not email or deliver Forms of Proxy to the transfer secretaries to reach the transfer secretaries by the time stipulated above, such shareholders will nevertheless be entitled to email or deliver the Form of Proxy in respect of the AGM, in accordance with the instructions therein, to the transfer secretaries to be received prior to the commencement of the AGM.

Beneficial owners of dematerialised shares without own-name registration must not complete the Form of Proxy. Instead they must provide their CSDP or broker with their voting instructions, or alternatively, should they wish to attend the AGM themselves, they may request their CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and their CSDP or broker.

ELECTRONIC PARTICIPATION

The company will offer shareholders (or their representatives or proxies) reasonable access through electronic facilities and a virtual meeting platform to participate in the AGM. A shareholder (or its representative or proxy) will, if (and only if) the shareholder requests that access be granted to it (or its representative or proxy) to do so, be able to:

- listen in to, and participate in, the AGM through electronic facilities; and
- vote in the AGM through a virtual meeting platform.

Shareholders are invited to request such access by sending an email (the Participation Request) to the transfer secretaries at proxy@computershare.co.za or by registering on the Smart AGM portal at www.smartagm.co.za. Following receipt of a Participation Request, the transfer secretaries will email the relevant contact link and logon details to the shareholder concerned to enable it (or its representative or proxy) to listen in to, participate in, and vote in, the AGM (the Connection Details Notice).

The Participation Request must specify:

- the name of the shareholder (and, if applicable, of the representative or proxy); and
- an email address at which the shareholder (and, if applicable, the representative or proxy), can be contacted.

Reasonably satisfactory identification, as contemplated previously (and a letter of representation or a duly completed Form of Proxy, if applicable) must be attached to the Participation Request.

It is requested, for administrative reasons, that a Participation Request, complying with the above requirements, be emailed to the transfer secretaries, to be received by no later than 9:30 (South African Standard Time) on Wednesday, 23 September 2020. If a shareholder does not email the Participation Request complying with the above requirement to reach the transfer secretaries by that time, that shareholder will nevertheless be entitled to email the Participation Request complying with the above requirements to the transfer secretaries, to be received prior to the commencement of the AGM. Shareholders should nevertheless be aware that if they send the Participation Request near to the time of commencement of the AGM, there is a risk, and they accept the risk, that (i) the Participation Request will not reach the transfer secretaries prior to the commencement of the AGM; (ii) the transfer secretaries will not have sufficient time to send the Connection Details Notice; or (iii) the Connection Details Notice will not reach the shareholder prior to the commencement of the AGM.

In relation to a Participation Request received by the transfer secretaries:

- by 9:30 (South African Standard Time) on Wednesday, 23 September 2020, the transfer secretaries will use reasonable endeavours to email the Connection Details Notice by no later than 10:00 (South African Standard Time) on Friday, 25 September 2020; or
- after 9:30 (South African Standard Time) on Wednesday, 23 September 2020, but prior to the commencement of the AGM, the transfer secretaries will use reasonable endeavours to email the Connection Details Notice as soon as reasonably practicable after receipt of the Participation Request.

For information purposes only, a guide for electronic shareholders meetings will be available on the company's website (www.tongaat.com) and can also be obtained from the transfer secretaries and will be available on the SmartAGM portal at www.smartagm.co.za. Should you have any further questions, please send an email to proxy@computershare.co.za.

The directors and executive management will be available during the AGM, through the electronic facilities, to address any matters which are raised, through the electronic platform, relating to the resolutions to be tabled in the AGM.

The company will make the facilities available at no cost to the user. However, any third-party costs relating to the use of, or access to, the platform will be for the user's account.

The company does not accept responsibility, and will not be held liable, under any applicable law or otherwise, for:

- any action of, or omission by, the transfer secretaries; or
- any loss arising in any way from the use of the platform or electronic facilities including, without limitation, any malfunctioning or other failure of the platform or facilities, or any failure of any email to reach, or delay in any email reaching, its intended destination, in the case of all of the aforementioned whether or not as a result of any act or omission on the part of the company or anyone else.

By order of the Board

JJ van Rooyen

Company Secretary
Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal

19 August 2020

Transfer Secretaries:

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Private Bag X9000
Saxonwold 2132
Email: proxy@computershare.co.za

FORM OF PROXY FOR THE ANNUAL GENERAL MEETING OF TONGAAT HULETT LIMITED (COMPANY)

For use by certificated shareholders and own-name dematerialised shareholders in the AGM of the company to be held electronically at 9:30 (South African standard time) on Monday, 28 September 2020.

For completion by certificated shareholders and own-name dematerialised shareholders who are unable to listen in to, participate in, and vote in, the AGM of the company to be held electronically at 09:30 (South African Standard Time) on Monday, 28 September 2020 or in any postponed or adjourned meeting.

Beneficial owners of dematerialised shares without own-name registration must not complete this Form of Proxy. Instead they must provide their CSDP or broker with their voting instructions, or alternatively, should they wish to attend the AGM 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.

Each certificated shareholder and own-name dematerialised shareholder is entitled to appoint a proxy (who need not be a shareholder) to listen in to, participate in, and vote in place of that shareholder in the AGM. Please read the notes to this Form of Proxy below.

I/We ....

(Name in block letters)

of ....

(Address in block letters)

being the holder/holders of .... ordinary shares in the company do hereby appoint:

....

or failing him, Mr L von Zeuner or failing him, Mr JG Hudson, or also failing him, another director of the company as my/our proxy to vote for me/us on my/our behalf at the AGM of the company to be held at 9:30 on Monday, 28 September 2020 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each postponement or 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
Ordinary Resolution Number 1: Re-appointment of Deloitte as auditors (with Mr M Holme as designated auditor).			
Re-election of directors:			
Ordinary Resolution Number 2: Re-election of L von Zeuner as director.			
Ordinary Resolution Number 3: Re-election of L de Beer as director.			
Election of directors:			
Ordinary Resolution Number 4: Election of D Noko as director.			
Ordinary Resolution Number 5: Election of L Stephens as director.			
Election of Audit and Compliance Committee:			
Ordinary Resolution Number 6: Election of L de Beer as a member.			
Ordinary Resolution Number 7: Election of R Goetzsche as a member.			
Ordinary Resolution Number 8: Election of J Nel as a member.			
Ordinary Resolution Number 9: Authorising directors to issue shares for cash:			
Ordinary Resolution Number 10: Authorising directors and Company Secretary to give effect to the resolutions			
Special Resolution Number 1: Authorising the repurchase of issued shares:			
Special Resolution Number 2: Authorising the remuneration payable to directors for their service as directors of the company.			
Special Resolution Number 3: Authorising financial assistance (section 44 of the Companies Act)			
Non-binding advisory vote endorsing the company's remuneration policy.			
Non-binding advisory vote endorsing the company's remuneration implementation report.			

Signed this .... day of 2020   Signature ....

For administrative purposes, completed Forms of Proxy should be forwarded to reach the transfer secretaries of the company, at their address below, by 9:30 on Wednesday, 23 September 2020. If a shareholder does not email or deliver the completed Form of Proxy, in accordance with the above instruction, to reach the transfer secretaries by the relevant time, that shareholder will nevertheless be entitled to email or deliver this Form of Proxy to the transfer secretaries to be received prior to the commencement of the AGM. Forms of Proxy must accompany Participation Requests, as provided in the Notice of AGM.

Transfer of Securities
Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2001
(Private Bag X9000, Saxonwold, 2132).

email: proxy@computershare.co.za

NOTES TO THE PROXY

1. A Form of Proxy is only to be completed by certificated shareholders and own-name dematerialised shareholders.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided. The person whose name stands first on the Form of Proxy and who is participating in the AGM will be entitled to act to the exclusion of those whose names follow.
3. Voting will be by way of a poll. On a poll, a shareholder who is participating itself or by proxy or representative will be entitled to 1 (one) vote per share.
4. A shareholder or proxy or representative is not obliged to use all the votes exercisable by that shareholder, proxy or representative, but the total number of votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the shareholder, proxy or representative.
5. Forms of Proxy must be dated and signed by the shareholder appointing a proxy and, for administrative reasons. Forms of Proxy should be emailed or delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited to the addresses set out below so as to be received by no later than 9:30 (South African Standard Time) on Wednesday, 23 September 2020. If a shareholder does not email or deliver the completed Form of Proxy to reach the transfer secretaries by the relevant time, that shareholder will nevertheless be entitled to email or deliver this Form of Proxy to the transfer secretaries to be received prior to the commencement of the AGM.
6. Completing and lodging this Form of Proxy will not preclude the relevant shareholder from participating in the AGM and voting to the exclusion of any proxy appointed in terms hereof.
7. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity or other legal capacity must be attached to this Form of Proxy, unless previously recorded by the transfer secretaries or waived by the Chairman of the AGM.
8. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
9. If any shares are jointly held, all joint shareholders must sign this Form of Proxy. If more than one of those shareholders is participating in the AGM either itself or by proxy or representative, the person whose name appears first in the securities register will be entitled to vote.
10. Despite the aforegoing, the Chairman of the AGM may waive any formalities that would otherwise be a prerequisite for a valid Form of Proxy.

GLOSSARY OF TERMS

Bulk infrastructure and basic services
Bulk infrastructure represents the higher order engineering services (e.g. water, electricity, sewerage, road access) that are required to be installed at a regional level (typically outside the boundary of the land to be developed) to support the development of the land. Basic services represent the supply of localised public infrastructure typically within the boundary of the land being developed. Bulk infrastructure and basic services are necessary to convert agricultural land to developable land for sale.

CGU
Cash-generating unit, being the smallest group of assets that can independently generate cash flows.

Developable hectares
The area of a landholding left over after deducting areas not available for development (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.

ECL
Expected credit loss, being an estimate of the shortfall between the cash flows that are due to the company and the cash flows expected to be received.

ESOP
Employee Share Ownership Plan

Ethanol
Ethanol is pure alcohol, produced through the fermentation of sugar.

FarmCo
As Tongaat Hulett optimises its direct farming activities, this initiative provides opportunities for third-parties to lease Tongaat Hulett farmland and farm it for their own benefit. This secures sugarcane supply and ensures that land targeted for future property development remains productive under sugarcane, while providing opportunities for transformation.

Glucose
Glucose is a simple sugar found in plants.

KZN
KwaZulu-Natal, South Africa

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 bulk infrastructure and basic services to a landholding and establishment of townships to enable sale of individual sub-divisional stands to property developers.

MAC
Material adverse change

MCP
Miller-cum-planter, being the area directly farmed by Tongaat Hulett.

MillCo
An initiative whereby sugar industry participants and investors with an industrial or agricultural focus can subscribe for a non-controlling equity interest in Tongaat Hulett's South African sugar milling and associated assets. The empowered sugar business will mill, refine and sell sugar and associated products.

MSOP
Management Share Ownership Plan

PropCo
An initiative to attract long-term equity investors to partner with Tongaat Hulett in developing its landholdings and realise long-term value through structured property transactions (e.g. through annuity income, lease structures and participating in top structure development).

Project Kilimanjaro
A farming partnership with the Zimbabwean government to develop 4 000 hectares of new land for sugarcane farming, for the benefit of 200 private farmers

Renewable energy
Energy that comes from natural resources which are organically replenished, such as bagasse.

SACU
Southern African Customs Union, whose membership includes Botswana, Lesotho, Namibia, South Africa and Eswatini

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 sub-divisional 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.

Sucrose
Sucrose occurs naturally in plants, in particular sugarcane, and is extracted during the milling process to produce table sugar.

LTIs
Lost Time Injuries

LTIFR
Lost Time Injury Frequency Rate

US c/lb
US cents per pound

Est. 1892

TongaatHulett®