

**Environmental
Resources
Management**

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Independent Assurance Statement to Tongaat Hulett Limited (Tongaat)

To the Board of Directors and Stakeholders of Tongaat

ERM Southern Africa (Pty) Ltd (ERM) was engaged by Tongaat to provide assurance in relation to the information set out below and presented in the Sustainability Report 2017 (the Report).

Engagement Summary	
Scope:	<ol style="list-style-type: none"> 1. Whether Tongaat adheres, in all material respects, to the three AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness. 2. Whether the 2017 data, for the period 1 April 2016 to 31 March 2017, for the following selected performance indicators, are fairly presented, in all material respects: <ol style="list-style-type: none"> a. Total volume of water used (kilolitres) (pages 33-34); b. Total amount of waste generated (tonnes) (page 34); c. Total energy used (gigajoules) (pages 32-33); d. Total number of environmental incidents (page 35); e. Lost-time injury frequency rate (page 25); f. Total number of recordable incidents (page 25); and g. Total number of fatalities (page 25). 3. Whether the disclosures on Tongaat's management approach for the topic of "Human Rights" as presented on page 16 of the Report are fairly presented in all material respects.
Reporting Criteria:	<p>AA1000 AccountAbility Principles Standard (2008) criteria</p> <p>Global Reporting Initiative Sustainability Reporting Standards</p> <p>Tongaat's internal Safety, Health and Environment definitions (dated 01/07/2016)</p>
Standard Used:	<p>AA1000 Assurance Standard (2008) – Type 2</p> <p>ERM CVS assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</p>
Assurance Level:	Moderate (limited) assurance
Respective Responsibilities:	<p>Tongaat is responsible for preparing the Report and for the collection and presentation of the information within it.</p> <p>ERM's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed exercising our professional judgement.</p>

Our conclusions

AA1000APS (2008) Principles

Based on our activities, nothing has come to our attention to indicate that Tongaat does not adhere, in all material respects, to the AA1000APS (2008) principles of Inclusivity, Materiality and Responsiveness.

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Company Registration Number
2003/001404/07

Directors
Claudio Bertora
Urmilla Bob (Non-Executive)
Linda Kumbemba
Tania Swanepoel
Marinda Rasmussen

**A member of the Environmental
Resources Management Group**

Selected Performance Indicators

Based on our activities, nothing has come to our attention to indicate that the 2017 data for the selected indicators, as listed under the scope above and presented on pages 25 and 32-35, are not fairly presented, in all material respects, with the reporting criteria.

Human Rights Disclosures

Based on our activities, nothing has come to our attention to indicate that the disclosures on Tongaat's management approach for the topic of "Human Rights" on page 16 of the Report, are not, in all material respects, fairly presented.

Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- *A review of external media reporting relating to Tongaat, peer company annual reports and industry standards to identify relevant sustainability issues in the reporting period.*
- *Interviews with relevant corporate level staff to understand Tongaat's changes to the sustainability strategy, policies and management systems, including stakeholder engagement.*
- *Interviews with human rights issue owners at corporate level to obtain an overview of the management and reporting approach including internal review processes and responsibilities.*
- *Interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting on the data for the selected indicators.*
- *A review of the suitability of the internal reporting guidelines, including conversion factors used.*
- *Visits to verify source data and selected evidence at the following sites: the Triangle Sugar Operations in Zimbabwe, the Refinery Sugar Mill in South Africa, and the Agricultural Operations in South Africa. These visits also involved interviews with management to understand the risks, context and management approach to human rights.*
- *A virtual review of the Felixton Sugar Mill in South Africa to verify source data.*
- *A review of selected evidence at corporate level related to the design, information collection, and production of the Report in accordance with AA1000 AS criteria.*
- *An analytical review of the year-end data submitted by all sites included in the consolidated 2017 group data for the selected indicators.*
- *A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.*

Our observations and recommendations

We have provided Tongaat with a separate management report. Without affecting the conclusions presented above, we have the following key observations and recommendations:

In relation to the Inclusivity principle:

Tongaat has numerous stakeholder engagement activities in place that are managed by Corporate Affairs and Investor Relations at group level, and by teams at operational level. The company links part of its success to socio-economic development, and also mentions accountability to stakeholders in internal documents such as the Board Charter, Code of Business Conduct and Ethics, and Board meeting minutes. Additional dedicated resources at group level would support engagement within the company and with stakeholders. Consistent with the previous assurance recommendations, and while noting that progress has been made regarding stakeholder engagement implementation in Mozambique, Tongaat should formalise the existing Stakeholder Engagement Strategy for application

across the company. This should ensure that outcomes of engagements influence the determination of material issues to be managed and reported on.

In relation to the Materiality principle:

Tongaat has a mature risk management system in place, which covers relevant sustainability topics. Independent risk assurance is undertaken at operational and group levels, and the system is seen to strongly influence company strategy. The connection and influence of stakeholder perspectives and expectations on the determination of material issues is however not made overtly clear, and the distinction between risks and material sustainability issues requires explanation. In relation to the Report, additional detail on the materiality determination process should be provided, and the company would benefit from formally documenting the process undertaken. Furthermore, Tongaat's disclosure on material issues in the Report could be simplified by way of tabulated or graphical presentation.

In relation to the Responsiveness principle:

Tongaat has developed numerous policies and procedures appropriate to stakeholder and organisational interests and expectations, and while the sustainability strategy developed in 2013 is not formally approved, SHE and social and ethics related issues are included in the Annual Budget and Business Plan. There are mechanisms for stakeholder feedback including investor presentations, socio-economic development activities with communities at operations, meetings with government authorities, and the publication of an Integrated Annual Report and Sustainability Report. At Board level, the Social and Ethics, Risk and SHE functions are integrated into a single committee. The Board meetings, including the Audit and Compliance Committee, also cover sustainability issues. ERM again recommends that Tongaat formally approves the sustainability strategy that has been compiled. It is also again recommended that Tongaat formalises and consistently applies the existing Stakeholder Engagement Strategy to ensure that feedback is provided to stakeholders on how the organisation responds to their interests and expectations.

In relation to the Selected Performance Indicators:

Strengthening site-level data quality controls and developing site-specific procedures for collecting and handling data, including retention and maintenance, is recommended at sites where these controls are currently not in place or require improvement. Tongaat should consider providing supplementary training to site staff on collecting and reporting on the selected performance information (particularly waste), and such procedures should be documented in Tongaat's internal SHE definitions document. The controls related to the selected performance information could be improved by the implementation of a structured data management system that is applied consistently across the sites and group level.

In relation to the disclosures on management approach for Human Rights:

It is evident that the disclosures on Tongaat's management approach to human rights are still maturing. The disclosures would benefit from closer alignment with selected standards in the Global Reporting Initiative's (GRI) Sustainability Reporting Standards including the reporting requirements for the management approach and its components. This will require Tongaat to formalise and structure its human rights management approach across the organisation, including formalising roles and responsibilities for human rights management, and begin measuring and reporting on relevant topic-specific disclosures.

Other observations

There are opportunities for improving the nature and detail of disclosures in the report, in particular related to the report boundary and the company's conceptualisation of materiality. ERM recommends that Tongaat uses the GRI Standards as the basis for the development and content of future reports.

For consistency purposes, ERM also recommends that Tongaat ensures that the data and information presented in the Integrated Annual Report is consistent with that presented in the Sustainability Report.

The limitations of our engagement

The evidence gathering procedures for moderate assurance are more restricted than for high assurance and therefore less assurance is obtained with moderate assurance than for high assurance, as per AA1000AS (2008). It is important to understand our assurance conclusions in this context. Our independent assurance statement provides no assurance on the maintenance and integrity of the website, or other sustainability disclosures, including controls used to achieve this integrity, and in particular whether any changes may have occurred to the information since it was first published.



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Partner
September 2017

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