

Sustainability

INTRODUCTION

Illovo subscribes to the principles of sustainable development and in this regard continues to build on the cane sugar sustainability model which is fully explained on pages 84 to 88 of this report. In particular, this model shows that presently, 89% of the group's energy requirements is produced from renewable energy sources.

Equally important, given the rural locations of its operations, the group provides much-needed employment and supply opportunities in regions of Africa which would otherwise be impoverished. By way of illustration, for the year under review, the group provided social benefits to its employees valued at R129 million, this being over and above the normal costs of production which would typically be found in the more developed sugar producing countries. In addition, from cane supplied to Illovo's factories, small-scale farmers across the group earned revenue aggregating R618 million, benefiting these growers directly and leading to significant multiplier effects within the associated communities.

This section of the Annual Report provides considerable information related to sustainability matters within Illovo. To enhance the group's commitment to and reporting on sustainability matters, during the year under review, the company commissioned external consultants to undertake a comprehensive investigation of all Illovo's sustainability practices and to report thereon to management. It is anticipated that this process will enable –

- management to better measure, monitor and manage key non-financial sustainability metrics;
- the company to further develop its sustainability reporting, it being the intention to report against the Global Reporting Initiative's (GRI) G3 Guidelines in the 2012 Annual Report;
- the use of the services of an independent verification agency to provide assurance in respect of the sustainability report.

Illovo qualified for inclusion in the JSE's Socially Responsible Investment (SRI) Index in 2010, for the fourth consecutive year.

Corporate Governance

Introduction

The directors and employees of Illovo strive to ensure that the company is managed in an efficient, accountable, responsible and moral manner. In this respect, the board of directors (the board) and executive management given ongoing consideration to developments in the field of corporate governance and ensure implementation within the group to the extent determined as appropriate.

The board subscribes to the principles comprising the King Code of Governance for South Africa 2009 (the King III Code) and the requisite apply or explain approach has been initiated in this report. A compliance assessment is included on pages 62 and 63 of this report, incorporating relevant explanations where applicable.

The company complies with all the requirements concerning corporate governance contained in the Listings Requirements of the JSE Limited.

Whereas, for the financial year under review, ended 31 March 2011, the Companies Act, 1973, as amended, was applicable, this Act was replaced with the Companies