



Est. 1892

TongaatHulett®

Hippo Valley Estates Limited

SPECIAL TRADING UPDATE - MAY 2020

Background

Following the outbreak of the coronavirus pandemic and its rapid spread across the globe, the Government of Zimbabwe, like many other countries world-wide, declared a state of emergency and put the country on lockdown with effect from 30 March 2020 in terms of the provisions of SI 82 and SI 83 of 2020.

Effects of COVID-19 Pandemic on Company operations

Following the announcement of the national lockdown on 27 March 2020, the Government indicated that essential industries and services will need to remain open to support the health sector and to ensure minimal disruption in the supply of critical goods and services. As one of the country's key sugar producers, the Company was designated as an essential service provider and exempted from the lockdown and granted permission to continue operating having taken measures to implement and comply with the minimum health standards as promulgated by the Ministry of Health and Child Care through SI 82 and 83 of 2020.

The Company has to date invested a total of ZWL13 million in COVID-19 mitigation measures in the workplace. In addition, the Company has taken robust steps to assist central, provincial and local governments and communities in combating the pandemic. The Company has to date donated 150 000 litres of ethanol worth ZWL4 million to the State for the manufacture of sanitizers, ZWL6 million to Masvingo Province to assist with the procurement of surgical gloves, masks, critical equipment and materials for the rehabilitation of 8 district hospitals which are designated COVID-19 isolation centres.

Key measures implemented in the workplace include:

- Rigorous COVID-19 information and awareness campaigns
- Reducing the number of employees reporting physically at the workplace
- Capacitating critical staff who are not required to perform physical tasks to work from home where possible
- Making sure workplaces are hygienic with regular sanitization of public places, surfaces and vehicles
- Promoting hand hygiene (washing of hands, sanitizing) and availing adequate resources

- Promoting social distancing and cough etiquette
- Procurement of temperature guns and rapid test kits
- Stay home when sick policy
- Restrictions on physical meetings
- Setting up of Company funded isolation and treatment centres, including purchase of critical equipment

Business Continuity Plan (BCP) in light of the COVID-19 Pandemic and the Lockdown Order

With these measures in place, the Company has not, to date, experienced any major disruptions to its operations with all key activities that include sugar cane maintenance, harvesting, sugar packing and distribution operations progressing satisfactorily. Sugar milling for the season commenced on 5 May 2020 following a successful off-crop program.

Although the country has recorded relatively few cases of infection and mortalities to date compared to other countries, the trajectory and impacts of COVID-19 are extremely uncertain. As part of its risk mitigation strategy, the Company has developed a robust Business Continuity Plan (BCP) premised on the worst case scenario that the pandemic may take a turn for the worst and that the lockdown period maybe extended for most of the season with highly disruptive consequences for the business.

Key considerations that have/are being factored into the BCP's include:

1. Adequacy of critical supplies for the duration of the lock down.
 - This is particularly relevant considering the requirement of South African based services and supplies for the mill start-up phase and for the rest of the sugar milling season.
 - This requirement has necessitated a close working relationship with procurement teams across the Tongaat Hulett operations in the region to ensure timeous delivery of key supplies particularly in relation to deliveries across borders.
2. Contingency plans to enable certain groups of employees to work from home.
3. Infrastructure requirements including IT hardware and software required to ensure continuity of operations for critical employees working from home.

4. Protocols for closing a site, sanitisation and restart of the site in the event of an employee infection.
5. Financial planning for resources required to address COVID-19 related interventions.
6. Succession and critical skills plans in the event that a significant number of skilled staff are incapacitated by the virus in both the short and long term
7. Ongoing communication with key stakeholders and contributions to protect local communities from the pandemic.

The company benefits from being part of the Tongaat Hulett Group's weekly COVID-19 War Room, which focusses on continuous monitoring of the pandemic development and coordinating of updated response plans.

Solvency position in light of the effects of COVID-19 and the lockdown order

Due to the special dispensation granted to the Company as an essential service provider, the production and marketing of sugar in the local and export market is progressing as planned. The demand for sugar in the local market has remained strong. As a result, the Company is adequately funded and is able to meet its working capital requirements.

Annual Financial Results for the Year ended 31 March 2020

The Company's financial year-end is 31 March and the financials for the year are undergoing the audit process. The financial results with the full operations report for the year are due for release before 30 June 2020.

By Order of the Board

D L Marokane
Chairman

A Mhere
Chief Executive Officer

26th May 2020

DIRECTORS: D L Marokane (Chairman), A Mhere* (Chief Executive Officer), S Harvey, R D Aitken, L R Bruce, N Kudenga, J P Maposa.
* Executive