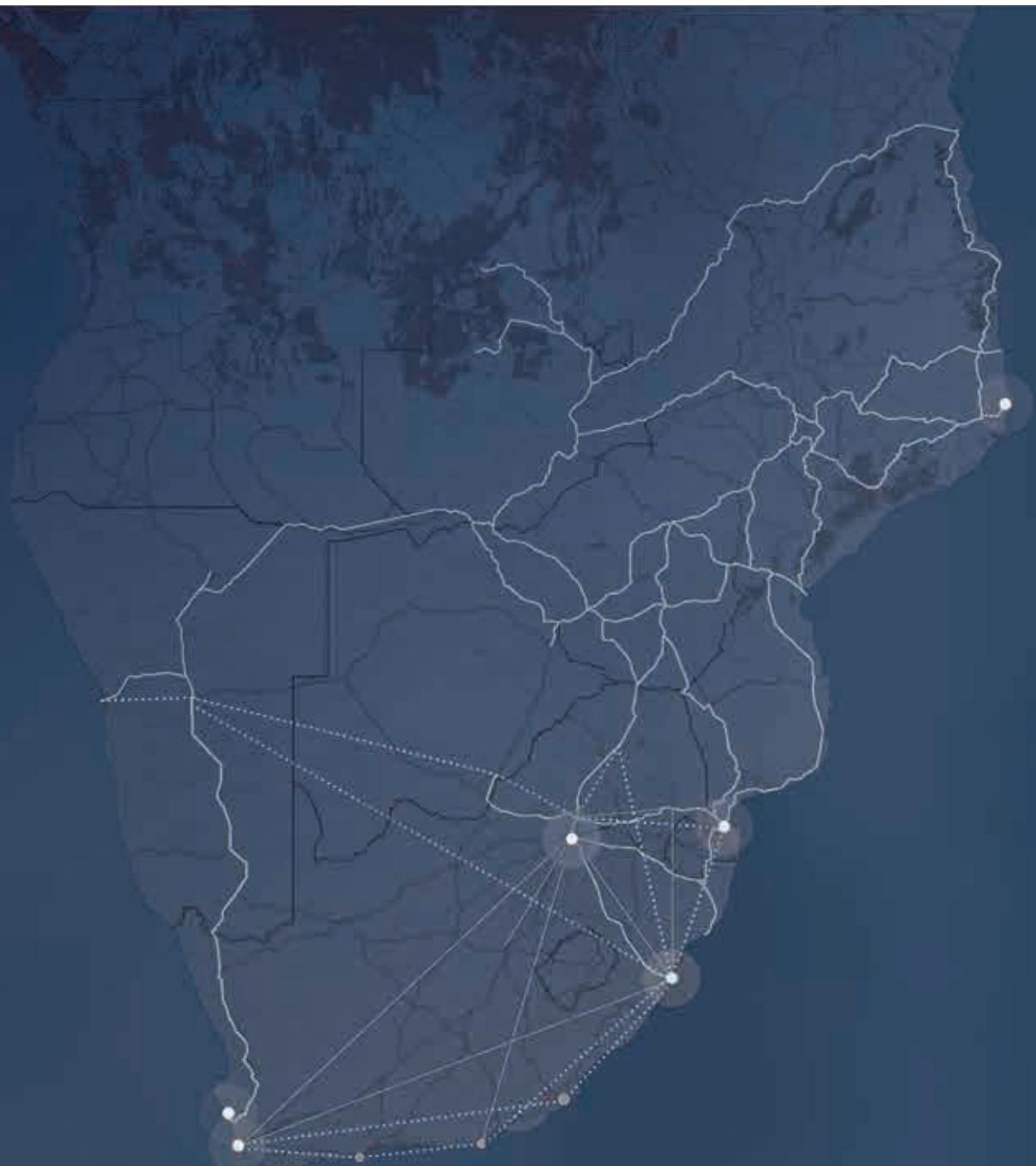


GRINDROD LIMITED
INTEGRATED ANNUAL REPORT



CONTENTS

Grindrod	2 About this report 4 Our story 6 Our global footprint 8 Our key trade corridors 13 2019 key highlights
Management review	20 Chairman's report to stakeholders 24 Report of the Chief Executive Officer 28 Report of the Chief Financial Officer 34 Business structure 36 Business profile 38 Grindrod's business 40 Strategy review 46 Five-year review 51 Risk review 78 Operational review: Port and Terminals 84 Operational review: Logistics 92 Operational review: Bank 98 Operational review: Social responsibility
Resources review	106 Resources review 110 Our resources 113 Key indicators 114 Our money 122 Our assets 124 Our skills 126 Our people 132 Our relationships 136 Our environment
Governance review	144 Directorate and Executive committee 150 Corporate governance report 164 Report of the Social and Ethics committee 168 Report of the Risk committee 170 Report of the Investment committee 172 Report of the Nomination committee 176 Report of the Remuneration committee 192 Report of the Audit committee 196 Limited assurance report on certain non-financial information
Summarised consolidated financial statements	200 Approval of the summarised consolidated financial statements 200 Compliance statement by the Group Company Secretary 201 Preparation of the summarised consolidated financial statements 202 Independent auditors' report on the summarised consolidated financial statements 204 Summarised consolidated financial statements
Shareholders' information	226 Share analysis of ordinary shareholders 228 Share analysis of cumulative, non-redeemable, non-participating, non-convertible preference shares 229 Notice of the Annual General Meeting 239 Form of proxy 240 Notes to the form of proxy 241 Electronic participation in the Grindrod Annual General Meeting 242 Electronic participation application form 243 List of abbreviations 246 Grindrod information

ABOUT THIS REPORT

The Grindrod Limited (Grindrod) integrated annual report aims to provide stakeholders with a balanced assessment of Grindrod's ability to create and sustain value.

INTEGRATED REPORTING

The report, together with the audited Annual Financial Statements and other supplementary information available on the [Grindrod website](#), provides a complete and fair review of Grindrod's economic, social and environmental performance, inclusive of information on subsidiaries, joint ventures and associates, within the context of its strategy and risks and opportunities for the financial year ended 31 December 2019.

In compiling its integrated annual report and supplementary information, Grindrod has applied the principles contained in the King Report on Corporate Governance™ for South Africa, 2016 (King IV)*, the JSE Listings Requirements, International Financial Reporting Standards (IFRS) and the South African Companies Act No. 71 of 2008, as amended (the Companies Act).

The integrated annual report is also compiled in accordance with the concepts, guiding principles and content elements contained in the International Integrated Reporting (<IR>) Framework issued by the International Integrated Reporting Council (IIRC), including disclosures based on the six identified capitals. The indicator assessments included in the Financial Times Stock Exchange (FTSE) Environmental, Social and Governance (ESG) Ratings methodology, used as a basis for the FTSE/JSE Responsible Investment Index, are also considered. Sustainability reporting is guided by the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards, published during 2016.

Disclosure is guided by the material economic, environmental and social issues which the directors believe have the potential to substantially impact Grindrod's ability to create and sustain value for its stakeholders. Due consideration is given to appropriate internal and external factors, including the operating environment, stakeholder expectations and Grindrod's strategy and risks and opportunities.

ASSURANCE

Grindrod's external auditor, Deloitte & Touche, has provided assurance on the consolidated Annual Financial Statements and expressed an unmodified audit opinion. The external auditor also audited the summarised consolidated Annual Financial Statements included in this integrated annual report. Their unmodified audit opinion is included on page 202. Grindrod's internal audit function provided assurance on selected sustainability performance indicator disclosures and its limited assurance report is included on page 196. Promethium Carbon assisted Grindrod in the calculation of the greenhouse gas emissions and other environmental data. The First Verification Network rating agency verified Grindrod's compliance with B-BBEE regulations.

REPORT APPROVAL

Grindrod's Board acknowledges responsibility for ensuring the integrity of the integrated annual report. Following collective assessment, the Audit committee, responsible for oversight of the integrated annual report, recommended approval of the report by the Board of directors.

In the Board's opinion, the integrated annual report provides a fair and balanced representation of the integrated performance of Grindrod within the context of its identified material aspects. The report has been prepared in accordance with internationally recognised best practice. The Board accordingly approved the 2019 integrated annual report on 24 April 2020 for release to shareholders and other stakeholders.



Mike Hankinson
Chairman



Andrew Waller
Chief Executive Officer



Xolani Mbambo
Chief Financial Officer

* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

OUR STORY

2019 Driving a corridor approach continued, with securing contracted volumes, building corridor solutions and extending supply chains within the Port, Terminals and Logistics businesses. The Bank continued strengthening its traditional banking service offering, growing the SME and property markets and developing fintech solutions.

PROMOTING INCLUSIVE SOUTHERN AFRICAN ECONOMIC GROWTH

We do this through:
UNLOCKING TRADE CORRIDORS
ENABLING SUPPLY CHAINS
INCREASING TRADE CAPACITY

1910

Captain John Grindrod establishes a clearing and forwarding agency that would grow into a company with a **current annual turnover of R13.3 billion** (inclusive of joint ventures) and total assets of R28.6 billion for continuing operations (inclusive of joint ventures).

1933

Grindrod is appointed as ships agent for African Coasters, established by Leon Renaud.

1971

Grindrod pioneers containerisation in the country and establishes the first container depot and service. Today Ocean Africa Container Lines (OACL) provides a **container feeder service**, shipping regional and domestic cargo between ports in Mozambique, South Africa and Namibia.

1999

Grindrod purchases dry-bulk charterer Island View Shipping.

2003

Grindrod's initial investment in the Richards Bay dry-bulk terminals becomes operational. Today, these terminals have a **6.1-million tonnes capacity**.

2007

Grindrod invests in the Maputo Port Development Company, which in 2019 managed a **port throughput of 21.0 million tonnes** from the initial 5.0 million tonnes in 2003. This established a base for further investments in dry bulk and car terminals and a container-handling facility. The terminals today have an **annual throughput capacity of 15.1 million tonnes dry bulk** and 120 000 vehicles.

2011

Grindrod enters into a R2.0 billion equity raising transaction underwritten by Remgro Limited to support the Group's strategic development of capital projects in southern Africa.

2016

Grindrod restructures its **Terminals and Logistics businesses** due to prolonged weak commodity markets and closes the **Rail manufacturing and assembly businesses**.

1922

John Grindrod and Leon Renaud buy a 150-tonne steamship.

1966

African Coasters merges with Thesen's Steamship Company to form **Unicorn Lines**.

1986

Grindrod lists its shares on the JSE through a newly established holding company, **Grindrod Unicorn Group Limited**, known as Grincor. At 31 December 2019 Grindrod's market capitalisation was R3.84 billion.

2001

The Company changes its name to **Grindrod Limited**.

2005

Grindrod acquires Marriott Corporate Property Bank, which today trades as **Grindrod Bank**.

2009

Grindrod concludes a **major black economic empowerment B-BBEE transaction** with Calulo and Adopt-a-School Foundation.

2014

Grindrod streamlines its freight and logistics services offering and gears for infrastructure expansion, mainly into the African continent, through a **R4.0 billion capital raise**, which included a **R1.6 billion B-BBEE consortium transaction**, to fund planned strategic investments.

2018

The **Shipping** business is successfully **spun off** and listed on the **NASDAQ Stock Market** in New York in June, with a secondary inward listing on the JSE. The Board continues its focus on growing its Freight services and Bank businesses.

OUR GLOBAL FOOTPRINT



109
years of rich heritage

4 746
capable people delivering
a wide range of services

129
number of years of
collective executive
management experience

OUR KEY TRADE CORRIDORS

Grindrod is committed to contributing to regional inclusive economic growth through the effective and efficient development and management of trade corridors in collaboration and partnership with stakeholders.



A full version of this map can be viewed on the last page of the report.

— North-South — Tazara — Walvis Bay — Chicualacuala — Komatipoort — Nacala

Grindrod is actively driving flows of minerals, agricultural products and project cargo across key southern African trade corridors.

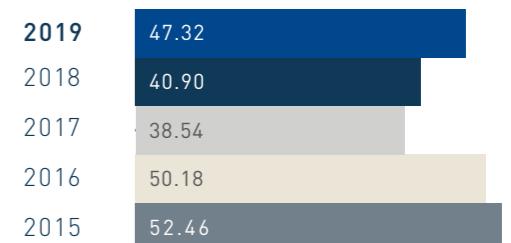
	North-South	Tazara	Walvis Bay	Chicualacuala	Komatipoort	Nacala
Description of corridor	Linking to Durban and Richards Bay	Linking to Dar es Salaam	Linking to Walvis Bay	Linking to Maputo Port	Linking to Maputo	Linking to Nacala Port
Geographical area	DRC/ Zambia/ Zimbabwe	DRC/ Zambia	DRC/ Zambia/ Namibia	Zimbabwe/ Zambia	SA	Zambia/ Mozambique/ Malawi
Operational focus area	Port and Terminals Containers N-S Corridor	Containers N-S Corridor	Port and Terminals Containers	Port and Terminals Containers N-S Corridor	Port and Terminals Containers	Containers
Export cargo	Copper Cobalt Manganese Sugar	Copper Cobalt Manganese Agri	Copper Cobalt Manganese	Sugar Chrome Coal	Chrome Ferrochrome Sugar Coal Magnetite Vehicles Fosrock	
Import cargo	Sulphur Lime Chemicals Fertiliser Grains Coal Fuel	Sulphur Chemicals Fuel Fertiliser Grains Coal Containers	Copper concentrate Coal Petcoke Sulphur Chemicals Sugar	Fuel	Containers Vehicles	Fertilisers Grain Project cargo Graphite



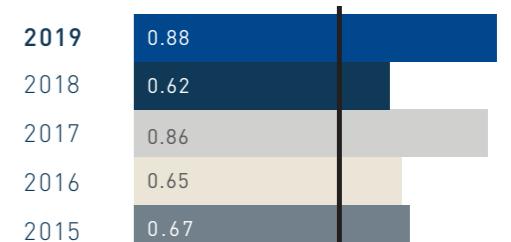
Attributable profit – Group [Rm] continuing operations



Carbon intensity (grams CO₂e per R million revenue)¹



LTIFR² – Port and Terminals and Logistics



¹ Values rebased to exclude Shipping and to make provision for business restructuring.

² Lost time injury frequency rate.



2019 KEY HIGHLIGHTS

CONTINUING OPERATIONS

Economic	Social	Environmental
Revenue ^ 8.4% R4 894 million (2018: R4 516 million)	Number of employees¹ ^ 0.4% 4 746 employees (2018: 4 728)	GHG emissions (CO₂e)² ^ 7.0% 181 437 tonnes (2018: 169 611 tonnes)
Trading Profit ▼ 0.9% R1 463 million (2018: R1 477 million)	LTIFR (Port and Terminals and Logistics) ^ 41.9% 0.88 (2018: 0.62)	GHG emissions intensity (tonnes CO₂e per R million revenue) ^ 15.7% 47.32 (2018: 40.90)
HEPS ^ 20.3% 77 cents (2018: 64 cents)	Social responsibility spend ▼ 37.8% R2.8 million (2018: R4.5 million)	Electricity consumption (MWh) ^ 0.1% 16 728 (2018: 16 718)
Cash generated from operations ^ 27.3% R1 019 million (2018: R800 million)	ESD spend ^ 2.5% R11.27 million (2018: R11.0 million)	Electricity efficiency (kWh/ FTE) ^ 3.7% 3 668 (2018: 3 536)
Net asset value per share ▼ 8.5% 1 175 cents (2018: 1 285 cents)	B-BBEE (Grindrod Limited) ▼ Level 3 (2018: level 2)	Water intensity (l/ FTE) ^ 58.9% 29.4 (2018: 18.5)

¹ Includes joint ventures and associates at 100% shareholding.

² Total GHG emissions including scope 3 (tonnes CO₂e).

2019 key highlights continued

DIVISIONAL REVIEW – continuing operations¹

Revenue²	Port and Terminals	Logistics	Bank	Group³	Port and Terminals	Logistics	Bank	Group³
^ 8.4%	R1 152 million (2018: R925 million)	^ 24.5%			R458 million (2018: R306 million)	^ 49.9%		
R4 894 million (2018: R4 516 million)		^ 14.5%				^ 4.2%		
			^ 38.1%				^ 48.7%	
				^ 28.5%				^ 66.5%
					Trading Profit²			
					▼ 0.9%			
					R1 463 million (2018: R1 477 million)			



¹ Management figures, excluding segmental adjustments.

² Certain prior year figures have been restated for segmental changes as detailed in the basis of preparation. Includes share of joint ventures.

³ Includes private equity and property investment portfolio.

2019 key highlights continued

DIVISIONAL REVIEW – continuing operations¹

Operating profit²

▼ 4.8%

R783 million
(2018: R822 million)

Port and Terminals **▲ 79.8%**

R329 million
(2018: R183 million)

Logistics **▼ 0.9%**

R345 million
(2018: R348 million)

Bank **▼ 52.7%**

R80 million
(2018: R169 million)

Group³ **▼ 77.4%**

R28 million
(2018: R124 million)

Attributable profit/ (loss)²

▲ 1 580.3%

R300 million
(2018: R20 million loss)

Port and Terminals **▲ 25.0%**

R175 million
(2018: R140 million)

Logistics **▲ 126.4%**

R134 million
(2018: R508 million loss)

Bank **▼ 25.2%**

R83 million
(2018: R111 million)

Group³ **▼ 138.9%**

(R92 million)
(2018: R238 million)



¹ Management figures, excluding segmental adjustments.

² Certain prior year figures have been re-presented for segmental changes as detailed in the basis of preparation.

Includes share of joint ventures.

³ Includes private equity and property investment portfolio.

MANAGEMENT REVIEW



Denver Intermodal facility | JOHANNESBURG

20	Chairman's report to stakeholders	46	Five-year review
24	Report of the Chief Executive Officer	51	Risk review
28	Report of the Chief Financial Officer	78	Operational review: Port and Terminals
34	Business structure	84	Operational review: Logistics
36	Business profile	92	Operational review: Bank
38	Grindrod's business	98	Operational review: Social responsibility
40	Strategy review		

CHAIRMAN'S REPORT TO STAKEHOLDERS

The 2019 year yielded solid business successes following the implementation of Grindrod's business strategy that targeted operational performance and restoring shareholder value.

The three-year 2022 strategy followed an assessment of markets, customers and capabilities against existing infrastructure and service offerings in a back-to-basics approach to re-establish core business as a platform for growth. Teams across Grindrod worked to restore the base and incrementally scale the business and develop value-enhancing, integrated service offerings across disciplines.

Noteworthy successes include record throughput at Maputo Port and the magnetite terminal and solid growth in the Seafreight and Intermodal businesses as a result of exploring new business opportunities and offering integrated services along corridors. Other successes are concrete steps to extend our corridor reach in Mozambique, Zimbabwe, Malawi and Zambia.

The Rail business integration commenced with Africa Rolling Stock Solutions and the repatriation of the Sierra Leone locomotives. There will be further integration with our rail partners on the North-South corridor to deliver a compelling freight solution.

The successes are all the more remarkable when viewed against global and regional events that combined to trigger wide-spread negativity. International upsets include trade tensions, the final chapter of the Brexit saga, refugee outflows from various countries, political tension in the Persian Gulf and wide-spread anti-government protests in Hong Kong, Iran, Bolivia and India. In South Africa, negative political and economic factors dominated the news. Rating downgrades, growing allegations of spend and balance sheet breaches in both public and private sectors and an insignificant 0.4% GDP growth by year-end continued to weigh down sentiment.



Chairman **Mike Hankinson**

The effect of many of these factors impacted Grindrod, with additional pressure from regional turmoil, which included financial distress in Zimbabwe, the drought in the region which also restricted electricity generation in Zambia and crippling floods in the wake of two cyclones in central and northern Mozambique.

BUSINESS STRATEGY

The Board remained focused on Grindrod's strategy to create sustainable returns and unlock value for all stakeholders. Grindrod shares continue to trade below net asset value and the Board will continue to drive the strategy to restore shareholder value.

In re-establishing the core, Marine Fuels and Agricultural Investments were classified as held for sale. The 20.4% investment in NWK was sold and Cockett Marine and Senwes remain held for sale.

The focus of the Bank, with its independent board and reinforced governance focus, returned to core banking services, clearing the way to explore suitable strategic partners to fuel growth. The private equity portfolio and management were separated out and now report directly into the Group.

CONCERNS

Allegations of corruption at held-for-sale Dubai-based Cockett Marine jointly controlled with Vitol, disclosed at the 2019 interim results announcement and accordingly impaired, prompted an intense focus on mitigating this risk. In-depth investigations by internal and independent parties revealed weaknesses in key control structures which have been addressed. Procedures and policies are being established to more stringently monitor compliance with international regulations and to improve control over the operations of third-party intermediaries. The risk of fraud, bribery and corruption has been elevated to one of the key Grindrod risks.

The OTGC Board took the decision to engage Transnet on the concession to build oil-tank storage in Coega after failing to secure adequate customer support for the project. Grindrod holds a 30.5% share in the OTGC Ngqura Liquid Bulk Terminal, which had progressed to construction stage. High-level negotiations to determine the future of the project are ongoing.

The subdued coal export market and growing global sentiment against the use of fossil fuels, including coal, prompted management to perform further in-depth analysis and increase diversification plans to reduce the coal-concentration risk in the Grindrod value chain.

Subsequent to year-end, the COVID-19 virus pandemic has become a key risk to not only the Group, but worldwide. The safety of our people, including stakeholders with whom we engage, is our primary concern and management has swiftly and effectively put measures and controls in place to limit the exposure, whilst balancing the operations of the business, where possible. Our thoughts and prayers are with those who have been infected and impacted by the virus and we wish them a speedy recovery.

Chairman's report to stakeholders continued

CORPORATE GOVERNANCE

The Grindrod governance structure is well defined. The Board oversees its implementation and prides itself on Grindrod's values of transparency, respect, integrity, professionalism, fairness and accountability, which form the basis for Grindrod's approach to business. These values are supported by sustainability measures to ensure the health and safety of stakeholders, respect for people and communities and to minimise the impact of our business on the environment.

The 2022 business strategy will drive the restoration of shareholder value. The Board will continue to assess global risks and opportunities, markets, customers and capabilities against existing infrastructure and service offerings and adjust the strategy if required.

On the safety front, we were saddened by one fatality. Mr Michel Mzeluwana, a contractor at OACL, was fatally injured while erecting a palisade fence. Grindrod supported the family, conducted a rigorous investigation and the matter was reported to the South African Police Service.

Accidents on public roads resulted in five non-reportable fatalities. Grindrod regrets these, which were reported to the relevant authorities and subjected to internal and external scrutiny. Management continues to improve mitigation measures, which include engagements with communities and schools and improving pro-active safety measures on trucks, such as camera surveillance and lane- and brake-assist equipment.

Grindrod continues to support social investments that favour education and environmental projects, through three major beneficiaries, the Adopt-a-School Foundation, the Cyril Ramaphosa Education Trust and the Wildlands Conservation Trust Blue Fund. I am proud of the way in which staff across all Grindrod business operations donate time and energy through voluntary initiatives to promote improvement in the wellbeing of stakeholders.

It is a pleasure to welcome Walter Grindrod to the Board as non-executive director. As a member of the founding family and with the extensive experience he gained while working in various roles across the operations, he is a valuable addition to the Board.

Following the resignation of two directors, effective subsequent to year-end, two independent non-executive directors and one alternate director were appointed to the Board in January 2020.

Raymond Ndlovu resigned from the Boards of Grindrod and Grindrod Bank following his appointment as CEO of a Remgro investee. Zola Malinga resigned from the Grindrod Board to focus solely on Grindrod Bank, as part of Grindrod's commitment towards the increased independence of the Bank. I thank them for their contributions over the past years and wish them well in their future endeavours.

On behalf of the Board, I welcome independent non-executive directors Zimkhitha Zatu and Ben Magara and alternate director Willem van Wyk. Zimkhitha brings extensive rail and capital projects experience to the Board, while Ben is a seasoned executive from the mining industry. Willem will represent Grindrod shareholder Remgro as an alternate to Pieter Uys. He is an investment manager at Remgro.

2020

As always, the new year brings opportunities and challenges. We look forward to building on Grindrod's achievements in 2019. I thank the entire Grindrod team for their dedication and focus and commend CEO Andrew Waller for leading by example and transparently engaging with staff, business partners, suppliers and customers to further build our holistic and integrated cross-discipline approach to improve the sustainability of Grindrod, to the benefit of all stakeholders.



Mike Hankinson
Chairman

24 April 2020

REPORT OF THE CHIEF EXECUTIVE OFFICER

As part of the business process, Grindrod performed a detailed assessment of its capabilities against external drivers and customer requirements. Port and Terminals and Logistics increased the focus on bulk and container corridors with emphasis on integrated service offerings and investments in key trade corridors.

The Bank strengthened its traditional banking service offering, growing in the SME and property markets and developing service solutions for the fintech market.

Headline earnings from continuing businesses grew by 9% to R525.2 million (2018: R480.2 million). Earnings improved from a loss of R20.3 million in 2018 to R299.9 million.

Port and Terminals reported solid results, mainly due to strong volume performance. Headline earnings grew by 121% to R308.3 million (2018: R139.6 million). Overall Logistics results of R174.0 million (2018: R49.9 million loss) improved on prior year, with strong performance achieved by the Intermodal and Seafreight businesses in a challenging market.



Chief Executive Officer **Andrew Waller**

BUSINESS REVIEW

Port and Terminals

Maputo Port handled a record volume of 21.0 million tonnes (2018: 19.6 million tonnes), a 7.14% growth, underpinned by increases in chrome, magnetite and container throughput. Projects to refurbish berths, enhance terminal and loading capability and an extension of the chrome and ferrochrome handling area are nearing completion.

Terminals recorded robust performance with Matola Terminal (TCM) achieving record volumes of 5.9 million tonnes (2018: 5.2 million tonnes). TCM secured its long-term capacity utilisation by concluding a five-year magnetite-transportation contract. Activities aimed at improving facility efficiencies in Richards Bay and diversifying into non-fossil fuel commodities are progressing.

Logistics

Seafreight and Intermodal Logistics businesses benefited from the combination of business activities under a streamlined reporting structure, which facilitated integrated service offerings. The business expanded its footprint nationally in Johannesburg, Durban, Cape Town and Port Elizabeth to 600 000 square metres to accommodate increased demand.

In northern Mozambique, Grindrod continues to pursue expansion opportunities following its success in establishing infrastructure to transport graphite flake from Balama to the Port of Nacala. Expansion initiatives being developed include the provision of a two-way logistics solution between Nacala and Malawi, the development of road- and port-related facilities at the Port of Pemba, north of Nacala, and establishing a presence in Palma, the closest port to the LNG exploration activities in the far north of Mozambique.

Röhlig-Grindrod, the clearing and forwarding business, reported a substantial increase in earnings on improved efficiencies. Warehouse utilisation continues to improve.

Sturrock Grindrod Maritime, the ships agency business, reported a strong performance in its Far East, Australia and southern Africa business. It continued to extend the agency service offering with the integration of marine technology and engineering.

The Beitbridge-Bulawayo concession-holder NLPI was negatively affected by the widening discrepancy between US\$ expenditure and Zimbabwe-dollar income. The rolling stock has been complemented by the 24 locomotives recovered from Sierra Leone of the full complement of 34. Four locomotives were sold and 10 remain in Sierra Leone. The leasing business had a good year with high deployment ratios and profitability.

Road transportation businesses retained substantial fuel-transportation and auto carrier contracts and are working on operational efficiencies to deliver positive results. Relocation of auto storage facilities from south of Durban to a strategic location along the N3 highway at Camperdown will be concluded during the second half of 2020.

Bank

Grindrod Bank enhanced independence of its board and added new executives as part of its focus on improved governance and transformation. The established niche business model and resilient historic financial performance were the main drivers in achieving an improved credit rating from Global Credit Rating Company. Treasury grew its deposit base, Capital Markets achieved solid results and Corporate Finance reported modest, but stable, returns in the subdued market. Retail continued its focus to grow the division through specialised service solutions in the platform-banking segment.

Sustainability, risk and opportunities

Safety of employees, contractors and visitors is crucial and even more so in the wake of the COVID-19 virus pandemic. We have established a core team who are providing specific leadership and guidance to ensure that Grindrod is addressing the pandemic effectively and efficiently. Safety in general is managed through dedicated divisional Safety Health Environment Risk and Quality (SHERQ) committees, reporting to the Social and Ethics committees of Grindrod and Grindrod Bank respectively. The addition of safety-enhancing features in trucks was prompted in part by a concerning increase in non-reportable pedestrian fatalities along the 500km road corridor between the Balama Mine and Nacala. Along this route, pro-active safety management includes engaging with traffic authorities and working with the communities to teach children road safety.

Employee development is managed at business-unit level to achieve transformation and B-BBEE targets through recruitment, skills and talent management, retention initiatives, performance management and employee relations, aligned with the divisional business strategies and employment equity commitments. The participation of select employees in management development programmes run by the University of Stellenbosch Business School is yielding positive results.

We continue to work to reduce Grindrod's impact on the environment. Grindrod's climate-change and environmental Vision 2020 policy has been updated to guide Grindrod towards 2025 with updated targets and metrics, based on the methodology recommended by the Task Force on Climate-related Financial Disclosure.

Future

Thanks to the concerted efforts and hard work of the Board, management and employees, it was a positive year for Grindrod's continuing operations.

The entire team is focused on achieving the objectives contained in the revised business strategy over the next three years. It is a great privilege to lead a team of remarkable people focused on restoring shareholder value.



Andrew Waller
Chief Executive Officer

24 April 2020



REPORT OF THE CHIEF FINANCIAL OFFICER

2019 OVERVIEW

Grindrod's continuing operations delivered a strong performance. Maputo Port achieved 8% growth on its volume and broke its 2018 record to reach 21.0 million tonnes. Capacity utilisation at the Matola Terminal reached 81%, a record achievement. A recently announced magnetite contract that will run for five years will ensure sustainable capacity utilisation going forward and a meaningful diversification from coal. The Bank grew its deposit book despite the challenges of a subdued economy but had to increase its provisions in its lending book.

Some confidence in the political and economic environment in Mozambique is returning, which is key for the country that has to deliver on its liquefied natural gas projects in the north. However, Zimbabwe's poor economic state, enduring low growth in South Africa and the emerging material risk of COVID-19 will be a challenge.



Chief Financial Officer **Xolani Mbambo**

FINANCIAL REVIEW

Continuing operations

Key income statement metrics*	2019 R'000	2018 R'000	Variance %
Revenue	3 834	3 467	11
Trading Profit	1 029	871	18
Non-trading items	(97)	(483)	79
Net interest (paid)/ received	(142)	95	(249)
Taxation	9	(180)	105
Earnings	300	(20)	1 600
Headline earnings	525	480	9

* Figures are reported per IFRS with joint ventures accounted for using the equity method.

Revenue growth of 11% from continuing operations was underpinned by the new Nacala operation, which ran for a full year in 2019, and increased voyages and container volumes at the Seafreight business.

Despite a difficult trading environment, Trading Profit margins improved from 25% in 2018 to 27% resulting in an overall Trading Profit growth of 18%.

The consolidation of our B-BBEE consortium Newshelf 1279 Proprietary Limited (Newshelf) effective end of December 2018, and higher utilisation of the short-term borrowing facilities in South Africa contributed to the increase of the net interest expense. Prior to the consolidation of Newshelf, Grindrod recorded R66.6 million of interest receivable in 2018 from Newshelf.

During the year, the Terminals operations in Mozambique secured a dispensation to file tax returns in the US Dollar equivalent currency, eliminating the potential foreign exchange gains which were subject to the deferred tax provision. This resulted in the reversal of a previously accumulated deferred tax liability relating to the prior foreign exchange gains.

Continuing operations achieved headline earnings of R525.2 million, up 9% on 2018.

Non-trading items (NTI) largely relate to the impairment of Grindrod's share of OTGC, an investment for development of a terminal due to the inability to secure customer support or offtake. The remaining NTI relate mainly to the write down of trucks to the latest market values and the release of foreign exchange losses on deregistered offshore entities.

Report of the Chief Financial Officer continued



The Bank's property lending division exceeded targets for 2019 whilst ensuring that only selective low-risk lending was pursued.

Shareholders' equity decreased to R8 737 million (December 2018: R9 483 million) mainly as a result of losses incurred in the current year and dividends paid. The decrease of R82.3 million to the foreign currency translation reserve was due to the strengthening of the ZAR/ US\$ exchange rate from R14.38/ US\$ in December 2018 to R14.00/ US\$ in December 2019. Ordinary shares in issue remained unchanged at 762 553 314 shares.

Net debt, excluding Bank and lease liabilities, increased from R786 million in 2018 to R1 381 million in current year. Cash and cash equivalents excluding Bank decreased to R1 181 million (2018: R1 578 million).

Discontinued operations

Key income statement metrics*	2019	2018	Variance
	R'000	R'000	%
Revenue	-	1 882	(100)
Trading Profit	-	226	(100)
Non-trading items	(730)	2 575	(116)
Net interest (paid)/ received	-	(44)	100
Taxation	-	(24)	100
Earnings	(708)	2 893	(124)
Headline earnings	(470)	310	(252)

* Figures are reported per IFRS with joint ventures accounted for using the equity method.

Current year discontinued operations include Marine Fuels and Agricultural Investments. Impairments of R238.0 million were accounted for on reclassification of such businesses in terms of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. Prior year results include a R2 830.5 million foreign currency translation gain release relating to the Shipping spin-off.

Statement of financial position

Key statement of financial position metrics*	2019	2018	Variance
	R'000	R'000	%
Total assets (excl. advances)	19 494	19 577	-
Non-current assets held for sale	986	298	231
Advances to bank customers	8 431	7 997	5
Total equity	8 737	9 483	(7)
Net debt (excluding Bank and lease liabilities)	1 381	786	76
Non-current liabilities held for sale	-	69	100
Deposits from customers	11 180	10 506	6

* Figures are reported per IFRS with joint ventures accounted for using the equity method.

Total assets of R19 494 million declined marginally on prior year due to the impairment of non-current assets held for sale relating to discontinued operations.

Non-current assets held for sale reflects expected value to be realised on disposal of the investments in Marine Fuel and Agricultural Investments segment.

Projects, acquisitions and disposals

Capital commitments of R356.0 million (2018: R447.0 million) were approved as of 31 December 2019, predominantly relating to the acquisition of trucks and trailers, and development of the Autoport in Umlaas Road to relocate current operations from Southgate, following the sale of the Southgate property as reported in 2018.

Annually, Grindrod sets weighted average cost of capital (WACC) and project hurdle rates to ensure that all projects are assessed in detail and a robust process for the allocation of capital is adhered to. All projects are deemed to be high risk, unless substantiated otherwise for factors such as guaranteed contractual off-take, solid counterparty or low country risk, amongst others. The project hurdle rates, using project internal rate of return (IRR) have remained unchanged from the prior year and are set out in the table below:

	High Risk	Medium Risk	Low Risk
Hurdle rate	18%	15%	12%

Dividend declaration

With improvements in cash generation from continuing operations, underpinned by a strong balance sheet, a dividend cover of four times was maintained. This cover will be reviewed continuously against financial performance.

Grindrod's final ordinary dividend of 14.2 cents has been declared (2018: 14.6). The shares in issue at the date of the dividend announcement were 762 553 314 ordinary shares (2018: 762 553 314 shares).

Total preference share dividends of R66.0 million (2018: R65.7 million) were declared to preference shareholders in 2019.

Foreign currency exposures

Grindrod has US\$231.4 million (2018: US\$267.8 million) net assets based outside of South Africa with US\$ cost bases, generating US\$ revenues, thereby reducing the exposure of the Group to any one country or currency. It is worth noting that our operations in Mozambique trade in US\$ currency, mitigating exposure to Meticais. Foreign exchange risks are monitored and mitigated in terms of approved policies.

Interest rate exposures

Grindrod's South African interest rate exposure is currently not fixed. Opportunities to lock in low rates continue to be evaluated and will be entered into at the appropriate time to limit exposure to increasing interest rates, in line with Grindrod's interest cover policy.

Report of the Chief Financial Officer continued

The full set of Annual Financial Statements and notes are available on www.grindrod.com.

The Audit Opinion is included in the full set of Annual Financial Statements.

Financial controls and risk management

Key financial personnel are employed across Grindrod to manage the financial departments which monitor and support the operations through the analysis and reporting of results. These finance teams, with enabling financial systems, ensure that financial information reported is complete, accurate, relevant and timely.

Internal control systems are designed to provide reasonable assurance against material losses and the misstatement of financial results and are intended to manage all significant risks. The safeguarding and prevention of misuse of assets is another important aspect of internal control.

Principal features of the Group's internal financial controls are:

- an organisational structure comprising clearly defined reporting lines, responsibilities and levels of authority;
- policies, procedures and guidelines to ensure that best practice standards are maintained and achieved;
- a system of financial planning, budgeting and reporting, which enables performance to be monitored against predetermined objectives;
- internal financial controls which are supported by the Group's IT systems;
- a finance team with the appropriate level of skill and technical training; and
- independent oversight by the internal audit division through the development and testing of financial control frameworks.

During 2019, internal financial control frameworks were tested by the internal audit division at several locations. Areas of non-compliance were reported to and discussed with management, following which action plans were drafted and implemented to address the risk of material misstatement of financial results.

Accounting policies

The accounting policies adopted, and methods of computation used in the preparation of the consolidated financial statements are in terms of IFRS and are consistent with those of the Annual Financial Statements for the year ended 31 December 2018, except for the implementation of IFRS 16 Leases which was adopted retrospectively. Refer to note 1 of the Annual Financial Statements available on Grindrod's website for further detail on new standards and interpretations not yet adopted. Critical judgements in applying the Group's accounting policies/ key sources, are dealt with in detail in the accounting policies section in the Annual Financial Statements.

2018 restatements

Financial results for 2018 have been re-presented for the following:

- The intended disposal of the Marine Fuels and Agricultural Investments, and the continuation of the Rail leasing business in accordance with the provisions of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

Financial results for 2018 have been restated for the following key changes:

- The adoption of IFRS 16 Leases in the current year using a retrospective approach. The restatement resulted in the recognition of right of use assets and corresponding lease liabilities for all open leases in 2018 and 2019 which are longer than a year. The major make-up of the right of use assets for the Group relate to port concessions, vessel charters and leased facilities. The impact of the implementation of IFRS 16 on the statement of financial performance and position is outlined in detail in note 2 of the consolidated and separate Annual Financial Statements.

- Two trusts, Grindrod Investment Trust (GIT) and Grindrod Preference Share Investment Trust (GPSIT), were assessed as being controlled by Grindrod Bank Limited in terms of IFRS 10 Consolidated Financial Statements due to Grindrod Bank's ability to appoint trustees, share in the residual value of the trusts and the fact that the trusts own the preference shares. The investors in the trusts carry the credit risk of the preference shares but do not have the ability to appoint or remove the asset manager. The impact of this prior period error on the consolidated Annual Financial Statements is outlined in detail in note 2 of the consolidated and separate Annual Financial Statements.
- The Group's United Kingdom property portfolio was assessed as controlled by the Group in terms of IFRS 10 Consolidated Financial Statements. The portfolio was previously recognised as an investment in associate, resulting in a classification error between investments in associates and other statement of financial position balances.
- Grindrod Bank accounts for certain fee income over the life of the financial instrument in accordance with IFRS 9 Financial Instruments. This fee receivable was erroneously disclosed separately in other assets instead of being capitalised to the financial instrument and disclosed under loans and advances. This only impacted the 2018 consolidated statement of financial position by R241 million between loans and advances and receivables. In addition, the loan and advances and deposits to bank customers were split between the current and long-term portion in the balance sheet.

Summarised consolidated Annual Financial Statements

Summarised consolidated Annual Financial Statements have been included in the integrated annual report.

Events after the reporting date

Please refer to note 39 in the consolidated Annual Financial Statements.



Xolani Mbambo
Chief Financial Officer

24 April 2020

BUSINESS STRUCTURE

as at 31 December 2019

PORT AND TERMINALS [p 78]

Port operations comprise an equity investment in Maputo Port Development Company (MPDC), in partnership with the Ports and Railway Company of Mozambique (CFM), Dubai Ports World (DPW) and Mozambique Gestores SARL.

Terminals in Maputo, Richards Bay, Durban, Cape Town and Walvis Bay have combined throughput capacities in excess of 15.1 mtpa dry bulk, 584 000m³ liquid bulk and 120 000 vehicles a year. Stevedoring services are also provided.

LOGISTICS¹ [p 84]

Seafreight, through OACL, provides a coastal shipping service calling on major ports in South Africa, Mozambique and Namibia. In addition OACL operates multi-purpose terminals in Durban that cater to containerised, break-bulk and bulk cargoes, including warehousing and distribution.

Intermodal provides containerised cargo and cargo-handling services, with its South African and Mozambique-based warehouses and depots having capacities of 600 000m².

Clearing and forwarding provides freight-clearing and forwarding services.

Ships agency, maritime technical services and logistics provides Ships Agency and technical services, with operations in 16 countries across three continents.

Rail operations comprise mainline operations and locomotive and wagon leasing and maintenance. It operates in South Africa, Mozambique, Zambia and Zimbabwe.

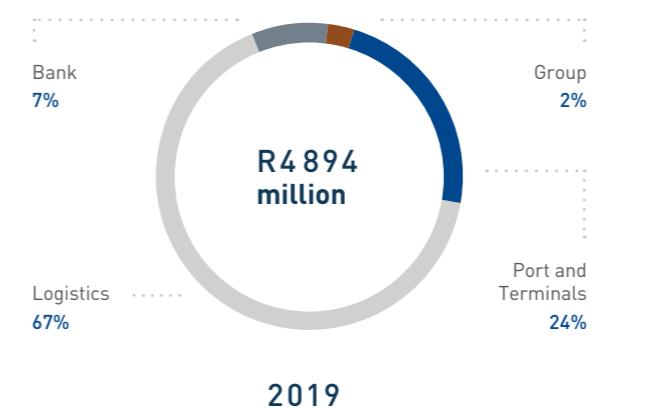
Auto- and fuel road transportation manages the transportation of vehicles and fuel through its fleet of specialised facilities and vehicles, with operations in South Africa, Namibia and Botswana.

¹ Includes Marine Fuels and Agricultural Investments services classified as held for sale not detailed in the table above.

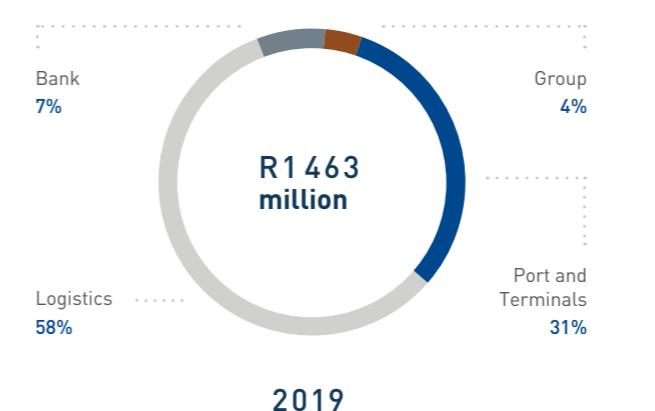
BANK [p 92]

Grindrod Bank is an authorised financial services credit provider regulated by the SARB. Banking products include secured and mezzanine loans, corporate finance services, preference share investments, treasury deposits and platform-banking offerings.

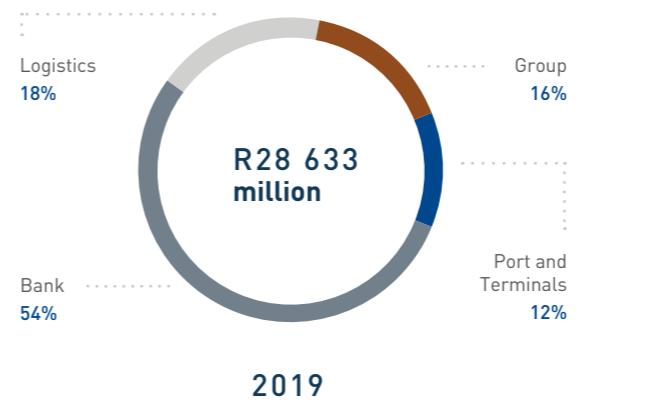
Revenue (management) by business area – continuing operations (%)



Trading profit (management) by business area – continuing operations (%)



Assets by business area – continuing operations (%)



BUSINESS PROFILE

as at 31 December 2019

An integrated supply chain for bulk cargoes

PORT AND TERMINALS [p 78]

PORT

PORT CONCESSION

24.7% Maputo Port Development Company (MPDC)

TERMINALS

CAR TERMINAL

70% Maputo Car Terminal (MCTL)

DRY-BULK TERMINALS

65% Terminal de Carvão da Matola (TCM)
100% Grindrod Mozambique Limitada (GML)
100% Grindrod Terminals, Richards Bay
59.7% Richards Bay (RBT)
75% Port of Walvis Bay, Namibia

LIQUID BULK TERMINALS

30.5% Oil Tanking Grindrod Calulo (OTGC)

STEVEDORES

100% Bay Stevedores, Richards Bay
49% Grindrod Namibia Stevedoring, Walvis Bay

LOGISTICS [p 84]

SEAFREIGHT LOGISTICS

100% Ocean Africa Container Lines (OACL)

INTERMODAL

100% Grindrod Intermodal
100% Grindrod Logistics Mozambique Limitada
75% Nacala Intermodal Terminal Investments

CROSS BORDER AND PROJECT LOGISTICS

100% Grindrod Logistics Africa

CLEARING AND FORWARDING

42.5% Röhligr-Grindrod

SHIPS AGENCY, MARITIME TECHNICAL

SERVICES AND LOGISTICS

100% Sturrock Grindrod Maritime (SGM)
100% Novagroup

RAIL OPERATIONS

73.9% NLPI Group
55% GPR Leasing South Africa
55% GPR Leasing Africa
100% Grindrod Rail Consulting Services
100% Grindrod Rail Operations
100% RRL Grindrod Sierra Leone 1
100% RRL Grindrod Sierra Leone 2

AUTO- AND FUEL ROAD TRANSPORTATION

100% Grindrod Automotive
100% Grindrod Fuelogic
100% Petrologistics (Botswana)
100% Petrologistics (Namibia)

BANK [p 92]

BANKING

96.8% Grindrod Bank

GROUP

FINANCIAL

98.9% GFS Holdings

HELD-FOR-SALE OPERATIONS

MARINE FUELS AND AGRICULTURAL INVESTMENTS

MARINE FUELS
50% Cockett Marine Oil
50% CMOG Fuel DMCC
50% Cockett Marine South Africa

AGRICULTURAL INVESTMENTS

AGRICULTURAL INVESTMENTS
20.4% Senwes

Major shareholders

at 27 December 2019

22.71%

Remgro Limited

10.09%

Grindrod Investments Proprietary Limited (Grindrod family)

9.48%

Government Employees Pension Fund (GEPF)

9.05%

PSG Konsult

8.39%

Newshelf 1279 [RF] Proprietary Limited (B-BBEE consortium)

GRINDROD'S BUSINESS

as at 31 December 2019

6 VALUES GUIDE THE EXECUTION OF THE VISION

01 Transparency
in the disclosure of information

02 Respect
for stakeholders, assets and the environment

03 Operating with integrity

04 Acting with professionalism in service delivery

05 Treating people with fairness

06 Accountability
for actions

The values and sustainability pillars guide Grindrod in formulating its **strategies**. These are developed with due cognisance of identified **risks and opportunities** and focus on optimising the capitals as key inputs to its business operations.

Capital inputs – our resources and relationships

[p 114] **Our money**
Total equity of R8.7 billion (2018: R9.5 billion)
Cash generated from operations of R589 million (2018: R805 million)
Capital, debt and equity funding

[p 122] **Our assets**
Port, terminals and corridor infrastructure
Integrated logistics infrastructure
Geographic footprint

[p 124] **Our skills**
Respected brand and reputation
Integrated logistics capabilities
Systems and structures
Innovative customer solutions

[p 126] **Our people**
4 746 competent employees (2018: 4 728)
Specialised skills and talent
Employee value model

[p 132] **Our relationships**
Engagement structures
Strategic relationships

[p 136] **Our environment**
Natural resources

Business operations – how our business creates shared value

► **GOVERNANCE FRAMEWORK**
The Group invests in and operates infrastructure and resources through its **Port and Terminals** [p 78] and **Logistics** [p 84] divisions to provide tailored freight logistics solutions across the supply chain. These solutions provide for the efficient end-to-end delivery of diversified cargo for customers along strategic trade corridors.

The Group also provides niche investment, loan finance and retail services through **Bank** [p 92], an authorised financial services credit provider.

4 SUSTAINABILITY PILLARS SUPPORT THE VALUES

01 The health and safety
of employees, contractors and visitors

02 Respect for people

03 Minimising the adverse impact of business activities on the environment

04 Respect for the rights, culture and customary livelihoods of communities

The pillars embed the principles outlined in the UN's Global Compact and Sustainable Development Goals.

OUTPUTS
from providing our products and services

Value-adding customer solutions through:

- Port and Terminals operations.
- Coastal shipping feeder service.
- Containerised cargo and cargo-handling services.
- Rail operations.
- Freight clearing and forwarding and ships agency services.
- Vehicle and fuel transportation.
- Niche banking services.

Employee advancement through:

- Initiatives to ensure their health and safety.
- Workforce transformation.
- Skills development.

Environmental impacts:

- Emissions.
- Waste.

OUTCOMES
our value-add and impact on stakeholders

Long-term shared value created through:

- Growth opportunities.
- Economic stimulation.
- Infrastructure creation – capital expenditure of R456 million in 2019 (2018: R756 million).
- Reduced inequality.
- Increased employment opportunities.
- Employee remuneration – R1.404 billion paid in 2019 (2018: R1.106 billion).*
- Employee development – training spend of R11.8 million in 2019 (2018: R9.2 million).
- Enhanced employee well-being.
- Sustainability at community level – social responsibility spend of R2.8 million in 2019 (2018: R4.5 million).
- Progressing customer sustainability.
- Supporting supply chain stakeholders.
- Tax and levy payments to three tiers of government.
- Environmental preservation and impact mitigation.

Corporate governance structures [p 150] guide the business in assessing opportunities and monitoring associated business performance to promote effective decision-making. Sound systems and structures provide for effecting transactions and engaging with stakeholders [p 132].

* Includes joint ventures at effective share.

STRATEGY REVIEW

The Grindrod business strategy is based on its vision to create sustainable returns and long-term value for its stakeholders. During the past three years, a three-pronged approach was applied to unlock shareholder value – through a separate listing of the Shipping division on the NASDAQ Stock Exchange in New York with a secondary inward listing on the JSE, repositioning the Bank to achieve growth and expansion through an enabling governance and funding structure and improving the sustainability of Port and Terminals, and Logistics by consolidating operations, exiting non-core businesses, diversifying into new products and markets and bulking up the business to achieve scale and diversity.

GROWTH STRATEGY 2022

During 2019, a strategic review was conducted to facilitate a growth strategy for the period 2020 to 2022, to achieve the Group's targets.

The process commenced with assessing markets, customers and capabilities against existing infrastructure and service offerings.

Port and Terminals and **Logistics** will ensure robust operational performance by securing contracted volumes, maintaining and improving market share and building effective corridor solutions for bulk commodity flows, connecting and extending supply chains and growing capacity and diversification in commodity handling. These objectives complement Grindrod's strategic infrastructure assets, its key trade corridors, customer-centric solutions across the value chain, relationships and indigenisation in southern Africa.

The **Bank** will focus on growing SME banking, creating a platform-banking model and introducing strategic partners.

Growth Strategy 2022 draws on Grindrod's strengths as a company with strong SADC reach. Its significant investments in infrastructure and opportunities with high barriers of entry comprise strategically located assets and concessions in key trade routes in southern Africa are complemented by strong customer relationships and responsiveness to provide innovative solutions.

The newly developed growth strategy forms the overarching framework for business strategies at the four main operational businesses.

Port and Terminals are driving incremental additions and diversification.

Containers are growing its current footprint and expanding capacities.

Northern Mozambique is leveraging its Nacala hub, currently used for the export of graphite from Balama, and expanding its service offering into roadlink distribution of maize and fertiliser to Malawi. Land has been acquired in Palma to run a reefer-enabled intermodal facility. Marine logistics solutions are provided through the chartering of barges.

North-South Corridor is driving commercial development through integrating rail partners and the use of 70 locomotives.

GRINDROD GLOBAL CHANGE SENSITIVITY MODEL

In 2019 Grindrod developed a dynamic Global Change Sensitivity Model based on international frameworks and best practice to guide improved implementation of the Growth Strategy 2022. The model comprises four global change categories, each of which has sub-categories, consisting of macrotrends which may impact Grindrod's business environment in different levels of likelihood. With the outbreak of the COVID-19 pandemic the importance of fluidity of the model became apparent, and subsequently pandemics have been included in the model.

Global Change Categories	Global influences	Market changes	Social challenges	Increasing resource scarcity
Sub-categories	Climate change	Energy transition	Poverty and inequality	Water
	Techno-economic change and 4IR	Mobility and transportation	Political uncertainty and corruption	Energy
	Geopolitical developments	Change in commodity demand	Gender inequality	Land
	Changing social dynamic		Lack of education and skills	
			Unemployment	

These global change drivers are mapped against the Grindrod strategy per operational business.

The aim of the model is to create risk and opportunity heat maps for the operational businesses to stress-test their respective business strategies to ensure that the global risks are mitigated as far as possible and global opportunities identified and incorporated into the strategies.

Strategy review continued

Growth was achieved by assessing markets, customers and capabilities, assessing infrastructure and service offerings and establishing criteria to exit non-core businesses in a structured manner. The outcomes of this process in 2019, key focus areas for 2020, the resources impacted in terms of inputs, outputs and outcomes and key associated risks from a Grindrod Group perspective are detailed below.

2019 Grindrod Group Outcomes

- Completed a detailed strategic review considering the macro-environment, including markets, commodities and global trends.
- Developed a revised strategy for 2020 – 2022 for Port and Terminals and Logistics.
- Developed a three-phased strategy for Grindrod Bank to address preservation, repositioning and future growth.
- Identified Marine Fuels and Agricultural Investments as non-core and Grindrod Private Equity businesses as having reached maturity.

2020 key focus areas	Resources impacted						
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment	Key associated risk [refer page number]
• Assess the returns and sustainability of businesses and investments.	●	●					62
• Deliver acceptable shareholder returns.	●			●			62
• Drive the trade corridor approach.	●	●	●	●	●	●	60
• Ensure scale of diversification of businesses and robust operational performance.	●	●	●	●	●	●	60
• Secure contracted volumes.	●	●		●			62
• Improve market share.	●	●	●	●	●		62
• Connect and extend supply chains through customer-centric solutions.	●	●	●	●	●		64
• Grow capacity and ensure growth in SME banking.	●	●	●	●	●		60
• Progress disposal of non-core assets held for sale.	●	●	●	●			62

The detailed strategy review comprising the 2019 outcomes, 2020 key focus areas, resources impacted and key associated risks per operational business are detailed below.

2019 Operational Businesses Outcomes

Port

- Achieved record port volume throughput and volume growth.
- Introduced innovative automated training centres (simulators) to improve operational efficiencies and safety.
- Launched the inclusive employment project, Porto +.

Terminals

- Successfully drove key relationships with Transnet, CFM, customers and other stakeholders.
- Secured medium-term terminal utilisation at TCM through a five-year contract.
- Diversified commodities following ailing performance in and application of Global Change Sensitivity Model to the coal sector.
- Robust improvement in performance, achieving record volumes.
- Developed a road-haulage option to complement rail transportation to TCM.

Containers

- Increased containers handled to over 500 000 TEU.
- Two additional vessels chartered on the coast.
- Expanded the footprint to 600 00 m².
- Expanded container-handling facilities in key ports in conjunction with a geographic footprint-diversification strategy.
- Secured a contract to provide a container-depot service to one of the world's largest shipping lines

2020 key focus areas	Resources impacted						
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment	Key associated risk [refer page number]
• Finalise port master plan.	●	●	●	●	●	●	64
• Complete slab 7 and berth rehabilitation.	●	●					60
• Drive diversification and expansion opportunities at Terminals.	●	●	●	●	●	●	60
• Progress the restructuring of RBTG.	●		●	●			62
• Execute on key customer five-year period contract.	●	●	●	●	●		62
• Drive project-related cargo to increase asset utilisation in Maputo.	●	●	●	●	●	●	60
• Secure additional storage and terminal-handling facilities.	●	●		●			60
• Form an integral part of the shipping lines supply chain.	●	●	●	●	●		60
• Ensure sustainability of efficiencies generated in 2019.	●	●	●	●			62

Strategy review continued

2019 Outcomes

Ships agency, clearing and forwarding

- Robust performance in ships agency and clearing and forwarding businesses.
- Extended the agency service offering with the integration of marine technology and engineering.
- Broader agency reach with expansion in Asia and into China.

Northern Mozambique

- Extended the Balama graphite contract from six to 11 years.
- Leveraged the Nacala hub to provide road transport for fertilisers and grains between Nacala and Malawi.
- Developing Palma Intermodal depot equipped with reefer points and provision of containers.
- Deployed a barge for critical supplies into Palma.

North-South Corridor

- Recovered 24 locomotives from Sierra Leone with combined fleet of 70 locomotives.
- Locomotive fleet at 83% deployment in the region.
- Secured 740 000 tonnes of local and transit cargo.
- Positive interactions with rail partners and customers.

2019 Outcomes

Auto and fuel road transportation

- Commenced construction of the Camperdown autoport.
- Expanded the service offering to include the contractual transportation of heavy fuel oil and liquefied petroleum gas in South Africa.
- Secured a new five-year contract at Petrologistics in Botswana.

Bank

- Further capitalisation of R100 million.
- Upgrade of credit rating to A-.
- BEE transformation at all levels, especially at Board and Senior Management.
- Improved regulatory compliance.

Group

- Extended investment in people development and engagement initiatives through focused human-resource strategies.
- Maintained focus on corporate governance and ethics with further progress in the continued implementation of a legal compliance strategy.
- Redesigned the Group IT function to provide a streamlined, efficient, customer-focused solution for all users and businesses.
- Broadened the risk management framework through the inclusion of global and industry risks.

2020 key focus areas	Resources impacted						
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment	Key associated risk [refer page number]
Ships agency, clearing and forwarding							
• Focus on contract logistics to drive improved facility utilisation in the clearing and forwarding business.	●	●		●			62
• Extract value from the restructured Novagroup businesses.	●	●	●	●	●		62
• Grow the ships agency geographic footprint, focussing on China and Mozambique.	●	●	●	●	●		60
• Continue emphasis on ships agency opportunities in Australasia and Indian sub-continent.	●	●	●	●	●		60
• Optimise and market one-stop load/ discharge solutions.	●	●		●			64
Northern Mozambique							
• Using Nacala hub as a base, develop regular Malawi logistics service.	●	●	●	●	●	●	60
• Deliver freight into Palma region.	●	●	●	●	●	●	60
North-South Corridor							
• Ringfence train sets to drive effective corridor management.	●	●		●	●		64
• Align all parties on the corridor.	●			●			64

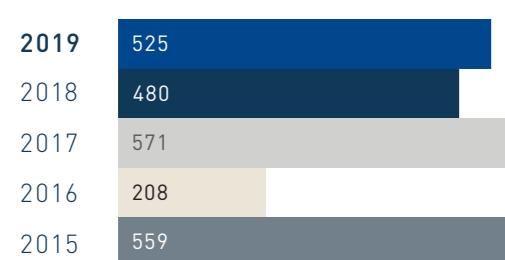
2020 key focus areas	Resources impacted						
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment	Key associated risk [refer page number]
Auto and fuel road transportation							
• Construct and commission the Camperdown autoport.	●	●	●	●	●	●	62
• Develop value-added services to meet customer demands.	●			●		●	64
• Drive cost reduction and efficiency in auto and fuel road transportation business.	●	●				●	62
Bank							
• Reposition SME funding as a core service offering.	●	●	●	●	●		62
• Secure future growth by converting the retail business into a platform-banking offering.	●	●	●	●			60
• Continue to explore potential mergers, acquisitions and B-BBEE partnerships.	●		●			●	66
• Continue with focused lending.	●		●		●		58
Group							
• Continue to drive human-resource strategies that focus on employees and drive alignment with key transformation best practices.							66
• Drive fit-for-purpose business IT solutions.	●	●	●	●	●		72
• Further embed global and industry risk in the risk management framework.	●	●	●	●	●		56
• Position Grindrod in accordance with the provisions of the new B-BBEE sector code once enacted.							66

FIVE-YEAR REVIEW (CONTINUING OPERATIONS)

	2019*	2018*	2017*	2016*	2015
GROUP INCOME STATEMENT					
Revenue	(Rm)	3 834	3 467	3 059	3 288
Earnings before interest, taxation, depreciation and amortisation (Trading Profit)	(Rm)	1 029	871	622	688
Depreciation and amortisation	(Rm)	(501)	(462)	(196)	(231)
Operating profit/ (loss) before net interest and taxation	(Rm)	528	409	426	457
Non-trading items	(Rm)	(97)	(482)	129	(60)
Net interest received/ (paid)	(Rm)	(142)	96	167	149
Profit/ (loss) before taxation	(Rm)	289	23	722	546
Associated and joint venture companies	(Rm)	68	211	172	(138)
Profit/ (loss) after taxation	(Rm)	357	234	894	408
Taxation	(Rm)	9	(180)	(173)	(195)
Profit/ (loss) after taxation including associated companies	(Rm)	366	54	721	213
Outside shareholders' interest	(Rm)	-	(8)	(7)	-
Profit for the year before preference dividends	(Rm)	366	46	714	213
Preference dividends	(Rm)	(66)	(66)	(68)	(69)
Profit/ (loss) attributable to ordinary shareholders	(Rm)	300	(20)	646	144
Ordinary shareholders' interest in non-trading items	(Rm)	225	500	(75)	64
Headline earnings/ loss	(Rm)	525	480	571	208
					559

* 2019 to 2016 figures are based on continuing operations. Prior years have not been restated.

Headline earnings (Rm)



	2019*	2018*	2017	2016	2015
GROUP STATEMENT OF FINANCIAL POSITION					
Non-current assets	(Rm)	9 314	9 241	9 093	13 477
Loans and advances to bank customers	(Rm)	8 431	7 997	7 370	5 855
Current assets	(Rm)	10 180	10 336	22 538	16 847
Total assets	(Rm)	27 925	27 574	39 001	36 179
Total equity	(Rm)	8 737	9 482	13 994	15 801
Non-current liabilities	(Rm)	2 580	2 156	1 663	3 174
Deposits from bank customers	(Rm)	11 180	10 506	14 640	13 610
Current liabilities	(Rm)	5 428	5 430	8 704	4 155
Total equity and liabilities	(Rm)	27 925	27 574	39 001	36 179
GROUP CASH FLOWS					
Cash available from operations (excluding dual purpose assets)	(Rm)	472	(5 191)	439	2 535
Distribution/ dividends paid	(Rm)	(134)	31	56	(151)
Cash (utilised in)/ retained from operations	(Rm)	338	(5 160)	495	2 564
Net cash proceeds on disposal of property, terminals, vehicles and equipment, investments and other items	(Rm)	397	351	178	278
Cash available for investment	(Rm)	735	(4 809)	673	2 842
Cash invested	(Rm)	(305)	(789)	(525)	(782)
Net finance repaid/ (raised)	(Rm)	430	(5 598)	148	2 060
					1 953

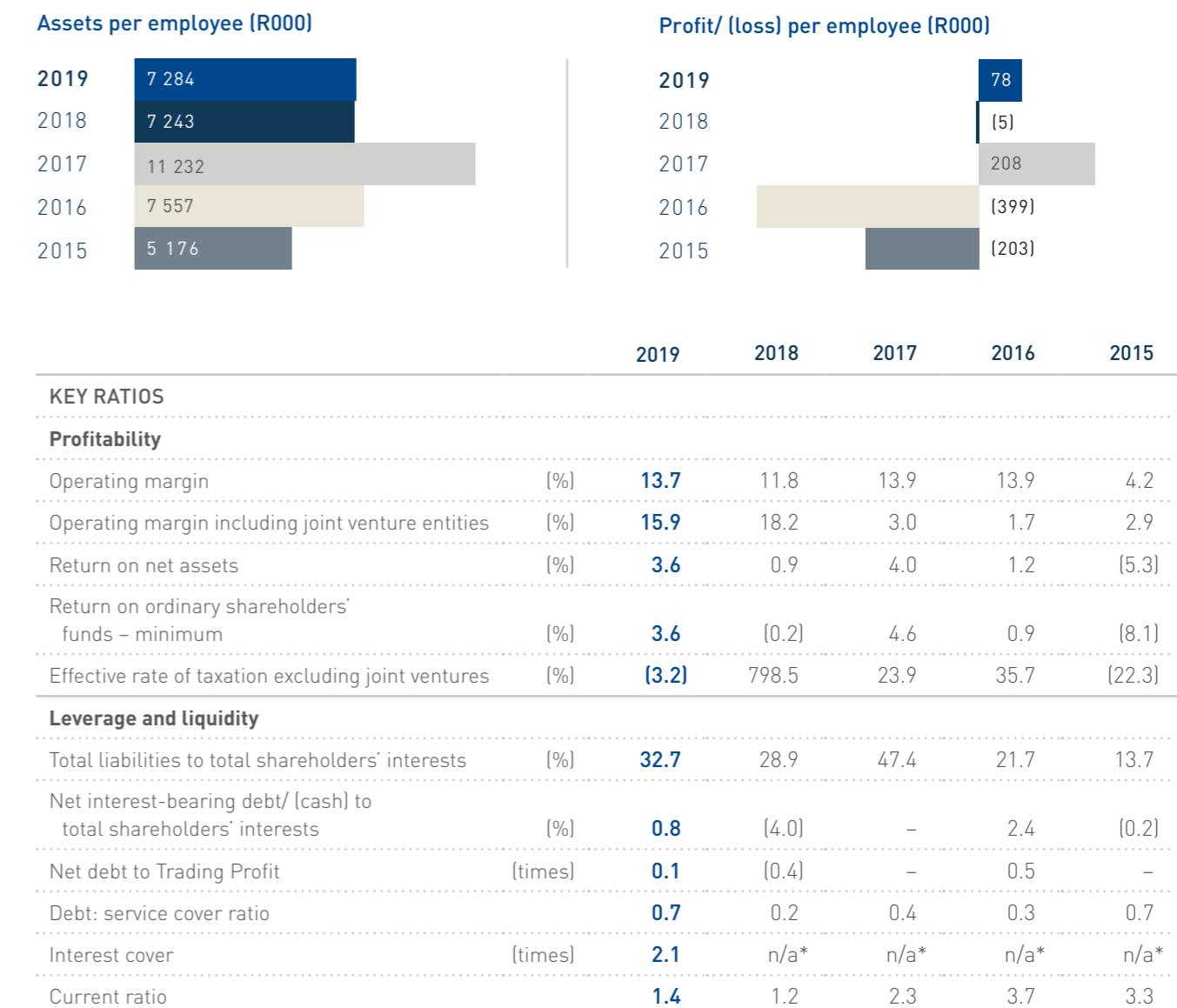
* 2019 and 2018 figures are based on continuing operations. Prior years have not been restated.

Total equity and assets (Rm)



Five-year review continued

	2019	2018	2017	2016	2015
ORDINARY SHARE PERFORMANCE					
Number of ordinary shares in issue net of treasury shares [000s]	680 284	680 268	751 640	750 548	750 959
Weighted average number of ordinary shares on which earnings per share is based [000s]	680 442	751 877	751 164	750 539	751 452
Earnings/ (loss) per share – basic (cents)	44.1	[2.7]	86.0	[254.2]	[189.8]
Headline earnings/ (loss) per share – basic (cents)	77.2	63.9	76.0	[61.2]	74.4
Share price – opening (cents)	615	1 365	1 345	1 129	2 240
Share price – closing (cents)	503	615	1 365	1 345	1 129
Share price – highest (cents)	905	1 540	1 575	1 485	2 278
Share price – lowest (cents)	408	562	1 025	850	1 032
Number of transactions recorded	51 595	184 496	114 897	128 454	203 077
Number of shares traded [000]	132 139	434 695	236 901	302 823	349 936
Volume of shares traded as a percentage of total issued shares [%]	17.3	57.0	31.1	39.7	45.9
Market capitalisation at 31 December [Rm]	3 920	4 690	10 409	10 256	8 609
Price:earnings ratio (times)	11.4	[228.2]	15.9	69.9	[5.9]
EV/ Trading Profit (times)	12.9	15.5	26.2	27.8	21.4
Dividend/ distribution per share (cents)	19.2	14.6	–	–	19.6
Dividend/ distribution cover (times)	4.4	4.0	–	–	3.8
Dividend yield [%]	3.8	2.4	–	–	1.7
Trading Profit per share – continuing (cents)	151.2	115.9	82.8	87.0	227.4
Earnings yield [%]	8.8	[0.4]	6.3	1.4	[16.8]
Net worth per share at book value (cents)	1 175	1 285	1 764	2 007	2 450
PREFERENCE SHARE PERFORMANCE					
Number of preference shares in issue [000s]	7 400	7 400	7 400	7 400	7 400
Share price – opening (cents)	7 300	7 250	7 750	7 500	8 375
Share price – closing (cents)	7 850	7 300	7 250	7 750	7 500
Share price – highest (cents)	9 000	7 599	8 200	8 150	8 500
Share price – lowest (cents)	8 200	6 499	7 135	7 150	7 440
Number of transactions recorded	1 259	2 297	2 697	2 070	2 590
Number of shares traded [000]	1 208	1 152	1 656	1 716	1 289
Volume of shares traded as a percentage of total issued shares [%]	16.3	15.6	22.4	23.2	17.4



* Net interest received position.

Five-year review continued

	2019	2018	2017	2016	2015
TRANSFORMATION					
Employment equity – HDSA (%)	83.7	82.3	79.6	73.9	74.8
B-BBEE Contributor Level – Grindrod Limited	Level 3	Level 2	Level 3	Level 3	Level 2
SOCIAL RESPONSIBILITY					
Total spend on projects (Rm)	2.8	4.5	8.8	11.9	7.3
ENVIRONMENT²					
Energy efficiency – electricity (kWh/ FTE)	3 668	3 536	3 515	3 197	2 706
Total GHG emissions (CO ₂ e) (tonnes)	181 437	169 611	140 236	190 777	289 190
GHG emissions intensity (gCO ₂ e) (Rm revenue)	47	41	39	50	52
SAFETY AND HEALTH					
Fatalities					
– Port and Terminals and Logistics	1	1	2	–	2
– Bank	–	–	–	–	–
Lost time incidents					
– Port and Terminals and Logistics	44	28	39	42	58
– Bank	–	–	–	–	–
Lost time injury frequency rate (LTIFR)					
– Port and Terminals and Logistics	0.88	0.62	0.86	0.65	0.67
– Bank	–	–	–	–	–
HUMAN CAPITAL					
Number of employees at year-end	4 746	4 728	5 232	5 881	7 044
– subsidiaries	2 842	2 815	3 472	4 090	4 908
– joint ventures and associate companies	1 904	1 913	1 760	1 791	2 136
Training spend (Rm)	12	9	6	9	13
Average training spend per employee (R)	2 478	1 966	1 090	1 530	1 849
Assets per employee ¹ (R000)	7 284	7 243	11 232	7 557	5 176
Profit/ (loss) per employee ² (R000)	78	(5)	208	(399)	(203)

¹ Calculated based on employee numbers at effective shareholding. Excludes operations classified as held for sale.

² Values rebased to account for the Spin-off of Shipping and the restructuring of the businesses.

RISK REVIEW

The Board, supported by the Risk committee, is responsible for risk governance to support the setting and achieving of strategic objectives. More information on risk governance and the Group's risk management framework and process is included in the corporate governance section of this integrated annual report – refer pages 158 and 159.

GRINDROD KEY RISK AREAS

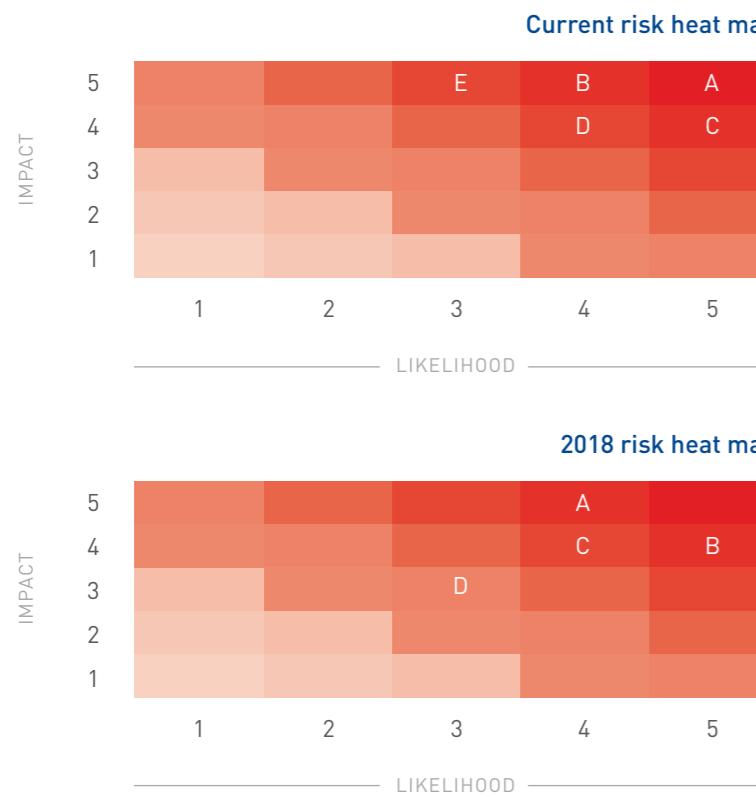
The table below outlines the current key risk areas that have a material impact on Grindrod's ability to create value together with their risk ratings. These have been identified as part of the enterprise-wide risk identification and management system.

Key risk area	Applicable area			Rating reported in 2018	Page
	PT&L	Bank	Current risk rating		
COVID-19 pandemic	●	●	A	Not reported	> 56
Credit	●	●	B ▲	C	> 58
Customer and commodity concentration	●	●	B <>	A	> 60
Liquidity	●	●	C <>	B	> 62
Key logistic service providers' engagement	●		C <>	B	> 64
Empowerment compliance	●	●	C <>	B	> 66
Political and sovereign	●	●	C ▲	C	> 68
Regulatory compliance		●	C	Not reported	> 70
Cyber	●	●	D <>	C	> 72
SHERQ	●		D <>	C	> 74
Fraud, bribery and corruption	●	●	E	Not reported	> 76

PT&L: Port and Terminals and Logistics

Risk review continued

RESIDUAL RISK HEAT MAPS



- Risk is considered to have a low impact quantitatively and qualitatively with a low likelihood of materialising
- Risk is considered to have a major impact quantitatively and qualitatively with a medium likelihood of materialising
- Risk is considered to have a material impact quantitatively and qualitatively with a certain likelihood of materialising
- Risk is considered to have a critical impact quantitatively and qualitatively with a pervasive likelihood of materialising

CURRENT INDUSTRY KEY RISK AREAS

The table on page 53 outlines the current key risk areas relevant to the industry in which Grindrod operates. These key risk areas, grouped in a coherent manner, were identified with due consideration of the key national, regional and global risks relevant to Grindrod's operations.

The recent escalation of the global **COVID-19** virus outbreak has impacted businesses, governments and society at large at an unprecedented scale. The full extent of the pandemic on a global, regional and local level is yet to be determined. However, we estimate the COVID-19 pandemic to have become the top industry risk.

Material risks to the industries in which Grindrod operates are disclosed. Selected external sources, including the World Economic Forum's Global Risk Report, IRMSA Perspective, IoDSA Sentiment Index and Allianz's Risk Barometer were considered. Internally, the Grindrod Global Risk Sensitivity Model, Top Risks and Opportunities Report read with the Pervasive Risk Report and insights of operational and senior executives lent further input. This research was categorised according to the World Economic Forum's five threat categories, namely Economic, Environmental, Geopolitical, Social and Technological and ranked in order of perceived imminent risk.

Risk category	Key risk area	Risk ranking
ECONOMIC	Global economic crisis and trade wars	2
	Commodity demand, price volatility and customer concentration	4
	Energy and water cost fluctuation	5
	Business interruption	8
	Infrastructure and SOE deficiencies	9
	Declining regional investment	12
ENVIRONMENTAL	Climate change and extreme weather	3
SOCIAL	COVID-19 pandemic	1
	Local political instability and economic uncertainty	6
	Social unrest and inequality	11
GEOPOLITICAL	Fraud and corruption	7
	Governance, legislation and regulations	13
	Global regulatory compliance	14
TECHNOLOGICAL	Cyber	10

Current risk rating: ■ High ■ Medium

RISK MANAGEMENT

Risk management is embedded, within an approved and Group-wide applied framework, in business operations and decision-making processes across the Group.

Risk management processes are designed based on the ISO 31000 standard for risk management, to identify, quantify, prioritise, respond to and monitor the consequences of an agreed risk schedule that encompasses both internal and external risks.

Risk management measures are aimed at countering significant economic, social and environmental business risks in conjunction with identifying related business opportunities which could undermine or favourably influence the achievement of business objectives, within the context of the six capitals of value creation.

Management is accountable for the design and implementation of the systems and processes underpinning risk management and for monitoring and reporting to the Board and its sub-committees. Risk management measures include accountability for risk management as a key performance area of line managers.

The Group risk management function performs its duties in terms of the risk management framework and a formalised risk management plan. The framework was reviewed in 2019 and approved by the Risk committee.

The Group risk management function engages with management across all operations to identify key risks and associated opportunities and monitor the processes and plans to manage them. Key risks are consolidated into key risk areas and evaluated based on their potential impact and probability in terms of the likelihood of occurrence and managed within Board-approved risk appetite and tolerance limits. The capitals affected by the risks and associated opportunities are also identified.

Risk review continued

Comprehensive reporting provides a basis for the monitoring and review by the appropriate sub-committees of the Board at their scheduled meetings and the Board at its quarterly meetings.

The effectiveness of risk management efforts is assessed in terms of the Group's King IV-aligned combined assurance model, providing five levels of assurance:

	Role	Responsibility
Level 1	Board	Retains the ultimate responsibility for risk and opportunity governance, including compliance and performance-related aspects, and for determining the appropriate level of risk that Grindrod is willing to tolerate and opportunities it is willing to pursue in relation to the achievement of strategic business objectives.
Level 2	Risk committee	Assists the Board in carrying out its risk governance responsibilities.
	Investment committee	Assists the Board in setting Grindrod's strategic direction, within the context of identified risks and opportunities, and advises on capital and other strategic applications.
Level 3	Audit committee	Ensures the integrity of internal financial controls and identifies and manages financial and related IT risks, supported by a combined assurance model.
	Social and Ethics committee	Assists the Board in discharging its corporate governance responsibilities relating to sustainable development across the three domains of economic, social and environmental, good corporate citizenship including ethics and anti-bribery and corruption, the environment, health and public safety, legal compliance, stakeholder relations, transformation, labour and employment.
Level 4	Nomination committee	Reviews the skills and experience base and performance of the Chairman, Board and its committees, oversees executive management succession planning to promote business continuity and oversees the sourcing and selection process for appointments to the Board.
	Remuneration committee	Assists the Board in carrying out its remuneration-governance responsibilities.
Level 5	Executive management	Designs, implements and monitors integrated risk management processes and encourages a risk-conscious business culture by embedding agreed internal controls and mitigating actions through all levels of management and supervisory staff.
	Divisional executives	Develop and implement risk management systems and processes within their divisions.
	Group risk management	Coordinates risk- and opportunity-management activities throughout the Group, continually reviews the system and process of risk management against accepted standards and best practices and coordinates appropriate reporting within the Group.
	Employees	Report on risks and opportunities they become aware of and implement actions in line with the risk management processes.
	Internal audit	Performs an independent assessment of the effectiveness of risk governance.

ROLES AND RESPONSIBILITIES

The risk management framework, reviewed by the Risk committee in 2019, provides for enhanced oversight through assigning specific risks to relevant Board sub-committees. This provides a basis for:

- Enhancing strategic planning through the identification of risks that may pose threats to Grindrod's strategic objectives and the identification of opportunities;
- Encouraging a pro-active approach to issues likely to positively and negatively impact Grindrod's ability to achieve its strategic objectives;
- Improving the quality of decision-making by providing structured methods for the exploration of risks and opportunities, and allocating resources;
- Supporting consistent behaviours and decision-making with respect to risks and opportunities across the Group;
- Facilitating more robust risk assessment by identifying recurring/ strong themes and pervasive risks and developing a comprehensive understanding of causes, effects and consequence, leading to a complete risk response;
- Alignment of the risk appetite and defined risk tolerance levels for each key risk with the Group strategy; and
- Improving Grindrod's agility to anticipate, identify, adapt and respond to change.

Risk review continued

RISK 1 – COVID-19 PANDEMIC

DESCRIPTION

Since the outbreak of coronavirus (COVID-19) towards the end of 2019, the newly discovered virus has spread across the globe and has been declared a pandemic by the WHO. Safeguarding lives and livelihoods has become the imperative of our time. It is thought that the economic impact of this pandemic will be the greatest in a century and that a new normal will most likely emerge socially and economically in the wake of this crisis. Global uncertainty in this unprecedented reality overwhelms and traditional models have been rendered unserviceable in predicting future trends, increasing both uncertainty and risk. Opportunities to improve business resilience, efficiencies and effectiveness from lessons learned during the pandemic are actively being pursued and implemented.

2019 risk rating	2018 risk rating	Movement	Exposure
High (A)	Not recorded		Grindrod Group

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Adverse impact on staff health and welfare	●	●	●	●	●	●
Finance and liquidity risks and long-term solvency impact	●	●	●	●	●	●
Adverse and lasting impact on operations and supply chain	●	●	●	●	●	●
Lasting change in business landscape	●	●	●	●	●	●

RISK MITIGATION

- Leadership and governance: Establishment of COVID-19 task-team comprising representatives of all operational and corporate service divisions, managing and monitoring identified workstreams; pro-active and consistent communication and guidance from leadership; engagement with government agencies and service providers to provide accurate information; continuous communication with employees, suppliers, customers, business partners and other key stakeholders; continual review of strategy implementation focusing on business resilience.
- Human Capital: Provision of ongoing protection and support to employees, considering their wellness, safety and security; providing ongoing training and information on the pandemic.
- Financial: Ongoing evaluation of financial position of the Group, and protection of working capital and cash flow.
- Operations: Continuation of essential services under strict hygiene rules to keep supply chains operational, suspension of all non-essential and non-strategic projects.
- SHERQ and Facilities: Ensuring the safety and health of employees and contractors; preparedness and maintenance of facilities and self-hygiene.
- IT: Facilitation of remote working by office staff and assisting with virtual communication and engagement, ongoing protection and monitoring of cybercrime.
- Compliance: Ensuring continued compliance with all requirements of the Disaster Management Act, JSE Listings Requirements and other relevant legislation and regulations.
- Commercial and insurance: monitoring change in the commercial landscape, especially dealing with force majeure, and engagement with insurance underwriters.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●	●			●	●	●

● Oversees aspects of the risk as relevant to the mandate of the committee.

● Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.

● Independent external auditor.

Risk review continued

RISK 2 – CREDIT

DESCRIPTION

Grindrod's divisions are, by the nature of their operations, exposed to the risk of financial loss resulting from the failure of a counterparty to meet its financial or contractual obligations when due.

2019 risk rating	2018 risk rating	Movement	Exposure
High (B)	Medium (C)	▲	Grindrod Group

Reason for movement in exposure

This risk has increased exponentially as a result of the COVID-19 pandemic as well as the downgrade of South Africa to junk status, resulting in its increased risk rating.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Financial loss due to client default or non-enforceability of debt security	●	●				
Non-adherence to credit policies and procedures with subsequent increased exposure and risk of client default	●	●		●	●	
Reputational damage	●	●			●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Well-defined and actively monitored risk tolerance levels.
- Amplify credit decision-making governance structures, including ESG assessment during vetting processes.
- Manage exposure levels in different sectors in line with macroeconomic expectations.
- Increase engagement with and assess clients using formalised robust procedures.
- Ensure acceptable security where applicable.
- Monitor client debt-servicing, financial performance and industry conditions.
- Enhanced effectiveness of collections capability.
- Inclusion of working capital management as a key performance indicator (KPI) for business unit divisional heads.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●					●	●

- Primary committee that oversees the risk.
- Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.
- Independent external auditor.

Risk review continued

RISK 3 – CUSTOMER AND COMMODITY CONCENTRATION

DESCRIPTION

Grindrod's Port and Terminals and Logistics divisions are exposed to the risks of customer concentration and continued cyclical commodity demand and prices, which results in volatility in asset-utilisation and resultant earnings. The sustainability of the Bank can be adversely impacted through single large exposures on its deposit and lending books.

2019 risk rating	2018 risk rating	Movement	Exposure
High (B)	High (A)	< >	Grindrod Group

Reason for movement in exposure

Continued subdued commodity prices and export demand and the declining attractiveness of key commodities offset improvement in commodity and customer diversification.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Volatile earnings and returns on investments in infrastructural assets	●	●				
Adverse performance with the loss of a major customer or default	●			●	●	
Long-term impact on the sustainability of key commodities due to increasing environmental pressure	●	●		●		●
Impact on enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Well-defined risk tolerance levels in line with scale and diversification strategies.
- Constructive engagement with suppliers and customers to unlock the potential of infrastructural assets across corridors.
- Improve capacity utilisation through commodity, customer and geographic diversification.
- Secure bulk commodities that are aligned to the future bulk terminal strategy.
- Engage major customers, suppliers and business partners to optimise logistics solutions and align objectives to mutually beneficial levels.
- Continuously reconfigure infrastructural assets to support the efficient management of increased volumes.
- Diversified deposit books and well managed concentration exposures in the Bank.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●				●		●

- Primary committee that oversees the risk for the Port and Terminals and Logistics divisions.
- Oversees aspects of the risk as relevant to the mandate of the committee.
- Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.

Risk review continued

RISK 4 – LIQUIDITY

DESCRIPTION

Grindrod Bank's ability to manage potential mismatch between short-term deposits and long-term advances can negatively affect liquidity. Poor market conditions can influence cash flow within the Port and Terminals and Logistics businesses which restricts the ability to execute on strategic projects and acquisitions.

2019 risk rating	2018 risk rating	Movement	Exposure
High (C)	High (B)	▲	Grindrod Group

Reason for movement in exposure

The risk of a negative cumulative on-balance sheet contractual maturity mismatch in any time period remains relevant to the Bank, whilst cash flow in the Port and Terminals and Logistics divisions is impacted by continued local and global economic growth constraints and more recently by the lockdowns as a result of the COVID-19 pandemic.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Failure to meet the mandatory level of liquid asset and reserve account collateral required by the SARB	●	●			●	
Excessive interest charges due to overdrawn transactional accounts in the event of liquidity shortages	●	●				
The inability to fund and execute strategic acquisitions and projects	●	●				
The inability to meet working capital requirements	●		●	●		

RISK MITIGATION

- Well-defined and actively monitored risk tolerance levels.
- Adherence to the collateral and liquidity requirements outlined by the SARB.
- Ongoing monitoring supported by regular cash-flow projections.
- Drive working capital management.
- Maintain an optimal balance between equity and debt funding and committed and uncommitted bank facilities.
- Facility restructuring to improve Grindrod's capacity to raise external funding and decrease the overall funding cost.
- Manage businesses to continue generating cash from operations.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●					●	●

- Primary committee that oversees the risk
- Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.
- Independent external auditor.

Risk review continued

RISK 5 – KEY LOGISTIC SERVICE PROVIDERS’ ENGAGEMENT

DESCRIPTION

Grindrod’s Port and Terminals and Logistics operations rely on agreements with suppliers and partners to optimise infrastructure utilisation. Business outcomes could be jeopardised by a distortion in sustainable income in the case of a default.

2019 risk rating	2018 risk rating	Movement	Exposure
High (C)	High (B)	< >	Port and Terminals and Logistics

Reason for movement in exposure

Grindrod continued to maintain good relationships with key strategic suppliers and partners, notwithstanding the current South African environment.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
A loss of sustainable income if a crucial supplier or partner defaults on an agreement	●				●	
Underutilised capacity due to a lack of competitive pricing and resource allocation in the strategic supply chain	●	●			●	
Reduced infrastructural asset efficiencies due to inefficiencies in the strategic supply chain	●	●			●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Well-defined and actively monitored risk tolerance levels.
- Engage constructively with relevant suppliers and partners at strategic and operational levels to ensure mutual commitment to unlock the potential of infrastructural assets.
- Create and maintain customer-centric solutions.
- Establish governance structures to effectively manage key strategic supplier relationships.
- Promote key stakeholder involvement in ownership of key strategic assets.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and ethics committee	Internal specialist functions	External assurance providers
●				●	●	●

● Primary committee that oversees the risk.

● Oversees aspects of the risk as relevant to the mandate of the committee.

● Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.

Risk review continued

RISK 6 – EMPOWERMENT COMPLIANCE

DESCRIPTION

Grindrod is exposed to increasing empowerment and transformation compliance requirements. Adequately addressing these requirements is integral to retaining and growing the Group's position as a preferred service provider.

2019 risk rating	2018 risk rating	Movement	Exposure
High (C)	High (B)	< >	Grindrod Group

Reason for movement in exposure

Increased risk from legislative and regulatory changes in South Africa related to empowerment continues to influence the prioritisation of compliance. Grindrod continuously monitors developments in other southern African countries to ensure compliance.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Loss of existing client business	●	●	●	●	●	
Failure to secure new business to drive organic growth	●	●		●		
Fines imposed due to non-compliance	●				●	
Reputational damage	●	●	●	●	●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Well-defined risk tolerance levels in line with legislative and regulatory transformation requirements.
- Drive transformation and legislative, regulatory and other mandatory compliance across the Group, with due cognisance of revision in applicable B-BBEE codes.
- Implement indigenisation as applicable to the host countries and regions in which Grindrod operates.
- Investigate and secure partnerships with like-minded B-BBEE companies through shareholding at Group level or partnerships at operational level.
- Focus on demographically aligned human-capital development and supply-chain management initiatives.
- Focus on stakeholder engagement.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●	●			●	●	●

● Primary committee that oversees the risk.
 ● Oversees aspects of the risk as relevant to the mandate of the committee.
 ● Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.
 ● HR steering committee.
 ● Independent verification rating agency.

Risk review continued

RISK 7 – POLITICAL AND SOVEREIGN

DESCRIPTION

Grindrod operates in countries where political decisions, conditions or events, as well as foreign-exchange-related decisions or changes, may affect the viability or value of its business.

2019 risk rating	2018 risk rating	Movement	Exposure
High (C)	Medium (C)	▲	Grindrod Group

Reason for movement in exposure

Inadequate political reform, a lack of government policy and downgrades in the credit outlook in South Africa resulted in increased risk exposure. Grindrod continues to monitor its continued exposure to risk in other African countries.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Operational disruption caused by political turmoil	●	●	●	●	●	
Value erosion as a result of credit-rating downgrades in countries in which the business operates	●	●		●		
Expropriation of assets and increased cost of capital	●	●			●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Perform thorough country and investment assessments aligned with the Group investment policy prior to Board approval of investments.
- Maintain a centralised treasury hub to minimise risks associated with multi-currency operations.
- Partner with investors that are knowledgeable, reputable and follow the Grindrod investment philosophy.
- Identify strategic markets that reflect strong prospects for political reform.
- Engage collaboratively and consultatively with regional governments and communities.
- Invest in social upliftment initiatives.
- Insure political risk where appropriate.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●	●			●	●	●

- Primary committee that oversees the risk.
- Oversees aspects of the risk as relevant to the mandate of the committee.
- Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.
- Marsh Insurance Brokers.

Risk review continued

RISK 8 – REGULATORY COMPLIANCE

DESCRIPTION

Grindrod's licence to operate is subject to its divisions ensuring continued compliance with all laws and regulations applicable to its diverse operations. Inadequate compliance could result in reputational damage with a consequent impact on the sustainability of Grindrod's operations.

2019 risk rating	2018 risk rating	Movement	Exposure
High (C)	Not reported	N/A	Bank

Reason for inclusion in exposure

This risk was identified as an increasing key risk in the Bank and included in the top Group risks for the first time during the year.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Litigation and claims from customers	●	●			●	
Fines and increased audits from regulators	●				●	
Reduced employee commitment and loss of key personnel	●		●	●	●	
Reputational damage	●		●	●	●	
Loss of competitive advantage with reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Well-defined and actively monitored risk tolerance levels.
- Strengthen compliance governance structures, including pro-active stakeholder engagement.
- Embed a compliance-based culture across business divisions.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:



Risk review continued

RISK 9 – CYBER

DESCRIPTION

Grindrod operations rely on technology platforms to facilitate service delivery. The pace at which digital technology is advancing, particularly in the financial services sector, increases the risk of cybercrime with a need to maintain the stability of key IT systems to protect client interests against increasingly sophisticated targeted attempts at digitally-assisted fraud.

2019 risk rating	2018 risk rating	Movement	Exposure
Medium (D)	Medium (C)	< >	Grindrod Group

Reason for movement in exposure

This risk remains a key risk in Grindrod's operations due to the continued advances in digital technology and Grindrod's exposure to digitally-assisted fraud.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Financial losses resulting from the theft of information or money, corruption of data, business disruption losses and the loss of clients	●	●				
Reputational damage, including loss of clients	●			●		
Fines and regulatory sanctions	●				●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Strengthen IT governance structures and related internal controls, including disaster recovery management.
- Drive compliance with industry standards.
- Monitor IT governance through transparent structures that include the IT management committee and project management office.
- Strengthen Group IT risk and governance management structure.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●					●	● ●

- Primary committee that oversees the risk.
- Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.
- Independent external auditor.
- Independent specialist advisors.

Risk review continued

RISK 10 – SHERQ

DESCRIPTION

Grindrod operates in an environment that exposes its employees, other stakeholders and the environment to potential risks including the recent COVID-19 pandemic. The Group's governance framework supports a safe and secure working environment, minimises negative impacts on the environment and communities, provides goods and services that meet appropriate quality requirements and complies with relevant legislation, regulations and voluntarily adopted frameworks.

2019 risk rating	2018 risk rating	Movement	Exposure
Medium (D)	Medium (C)	< >	Port and Terminals and Logistics

Reason for movement in exposure

The continued focus on improvement to reduce reportable fatalities in the Port and Terminals and Logistics divisions was offset by non-reportable incidents involving third parties in 2019. The recent COVID-19 pandemic has placed significant strain on the system, however, robust and stringent health, safety and hygiene measures have been put in place and rigorously monitored. At the date of the report no instance of COVID-19 infections of a Grindrod employee has been reported and hence no increase in the risk rating.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Fatalities, injuries and occupational diseases.	●		●	●	●	●
Significant environmental events	●	●		●	●	
Sub-standard quality of service delivery	●		●	●	●	●
Reputational damage	●	●	●	●	●	
Exposure due to legal non-compliance	●	●			●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Drive compliance with SHERQ and sustainability policies in conjunction with stakeholder engagement.
- Monitor SHERQ through transparent structures.
- Implement SHERQ and legal compliance KPIs at senior employee levels.
- Further develop integrated ISO management systems.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●	●	●	●	●	●	● ● ●

- Primary committee that oversees the risk.
- Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.
- Divisional SHERQ management committee.
- Independent verification agencies.
- Client audits.
- Mutual risk Group assurance provider.

Risk review continued

RISK 11 – FRAUD, BRIBERY AND CORRUPTION

DESCRIPTION

Grindrod operates in an environment where instances of fraud, bribery and corruption are pervasive. Sound governance and internal control structures may be compromised where employees operate outside the framework of Grindrod's core values of transparency, respect, integrity, professionalism, fairness and accountability.

2019 risk rating	2018 risk rating	Movement	Exposure
Medium (E)	Not reported	N/A	Grindrod Group

Reason for inclusion in exposure

This risk was identified as an increasing key risk in the Group and included in the top Group risks for the first time during the year.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Reputational damage to Grindrod and its stakeholders	●			●	●	
Financial loss	●			●	●	
Inability to secure adequate and applicable insurance cover	●	●			●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Well-defined and actively monitored risk tolerance levels.
- TRACE certification for all key operations.
- Commenced interactive training for all employees on fraud, bribery and corruption.
- Focused fraud training and awareness campaigns.
- Anonymous whistleblowing structures based on enabling technology.
- Robust monitoring of compliance with the Code of Ethics through internal audit.

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers:

Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and Ethics committee	Internal specialist functions	External assurance providers
●	●			●	●	●

● Primary committee that oversees the risk.
 ● Oversees aspects of the risk as relevant to the mandate of the committee.
 ● Independent internal auditor – evaluation of the effectiveness of internal controls relevant to the risk.
 ● Independent external auditor.
 ● Independent specialist advisors.

OPERATIONAL REVIEW PORT AND TERMINALS

Key achievements 2019

- Achieved record Maputo Port throughput of 21 million tonnes.
- Recorded record throughput of R5.9 million tonnes at TCM following improved volumes in the second half of the year.
- Progressed key berth-utilisation project.
- Secured a five-year magnetite handling contract.

Key challenges 2019

- Achieving targeted utilisation of assets and services in a difficult commercial environment driven by the slowing global economy.
- Addressing terminal throughput challenges with decreasing coal demand.
- Managing the impacts of poor volumes in the first half of the year.
- Managing delivery challenges with key logistics service providers.

Key focus areas 2020

- Stabilise operations and implement lessons learnt from the COVID-19 pandemic.
- Intensify efforts to scale up the Northern Mozambique business from current and developing opportunities.
- Finalise the Maputo Port berth-utilisation and slab-expansion projects.
- Drive further diversification in terminals throughput.
- Investigate further investment in RBTG facilities to stimulate volume throughput.
- Extend service along the supply chain.

KEY INDICATORS

CONTINUING OPERATIONS

Economic

Revenue	^ 24.5%
R1 152 million (2018: R925 million)	
Trading profit	^ 49.9%
R458 million (2018: R306 million)	
Operating profit	^ 80.4
R329 million (2018: R183 million)	
Attributable profit	^ 25.6%
R175 million (2018: R140 million)	

Social

Fatalities	
No fatalities (2018: no fatalities)	
LTIFR	▼ 37.7%
0.33% (2018: 0.53%)	
Social responsibility spend	▼ 73.4%
R56 013 (2018: R210 778)	

Environmental²

GHG emissions (CO ₂ e) ^{1,2}	
15 000 tonnes	
Total electricity usage	
7 131 kWh	
Water usage	
44 882 kl	
Total land-based diesel	
1 526 kl	

¹ Total GHG emissions including scope 3 (tonnes CO₂e).

² With the rebasing and the change in the structure of the operational divisions, no prior information in this format is available.



Operational review: Port and Terminals continued



The Port and Terminals division manages investments with a high entry barrier, which provide the backbone for offering integrated logistics solutions along key trade corridors, in partnership with the Logistics division.

Key assets are its investments in the Port of Maputo and terminals in Maputo, Richards Bay, Durban, Cape Town, Port Elizabeth and Walvis Bay.

In 2019, Port and Terminals generated Trading Profit of R458.3 million, 50% higher than in 2018 (R305.7 million), supported by improved volumes.

MAPUTO PORT

Port of Maputo earnings grew by 26% on an 8% increase in volumes handled to a new record of 21.0 million tonnes (2018: 18.2 million tonnes) and a weakening in the Rand-Dollar exchange rate of approximately 9%.

This record reflects the substantial growth in port activities from five million tonnes a year when the concession was granted to the Maputo Port Development Company in 2003.

The biggest driver in the increased tonnage is the 75-km dredging project which opened the port to fully laden post-panamax vessels. The project forms part of the port masterplan, which was initiated in 2010. The increased access is complemented by projects to improve berth access, service the larger vessels and handle the increased cargo at optimum turnaround times. More equipment, including two mobile harbour cranes

and three crane tipplers, were delivered in 2019. A key berth-utilisation project, to convert four berths into three, commenced in 2018 and is scheduled for completion in mid-2020. These berths and accompanying terminal infrastructure and loading equipment will accommodate vessels up to 250m in length to capacity and to improve turnaround times and berth utilisation.

A slab-expansion project, to cater for the growth in chrome and ferrochrome business, will boost landside capacity to 7.8 million tonnes a year from the existing 5.4 million tonnes. The project includes improved rail infrastructure and weigh bridges and lighting masts. The first phase of the project was completed in October 2019 and the second and last phase is scheduled for completion in mid-2020.

TERMINALS

Terminals recorded strong earnings for the year, up 28% on the prior year, due to favourable price-participation contracts, improved volumes in especially the last quarter of the year, a weakening in the Rand-Dollar exchange rate and the release of a deferred tax credit of R51 million.

Terminals were, however, underutilised in the first half of the year, affected mainly by the ailing performance in the coal sector and a low appetite for longer-term contracts due to the generally subdued commodity demand and prices. Bottlenecks at key third-party facilities compounded the problem of poor utilisation and management continued to engage with all stakeholders to find solutions to the challenges in the industry. A two-week interruption in train traffic to the city adversely impacted commodity deliveries to the Maputo terminals.

During the second half of the year throughput improved as a result of increased demand. In the case of TCM, utilisation improved to such an extent that it recorded its best-ever month in November of 845 thousand tonnes.

Matola Terminal (TCM) earnings improved by 54%, which includes a 2018 business-interruption claim of R4.6 million. Volumes were 14% higher at 5.9 million tonnes (2018: 5.2 million tonnes). Magnetite throughput was 3.9 million tonnes and coal 1.0 million tonnes.

TCM is equipped to handle higher volumes following the conclusion of an improvement project that started in September 2017 with quay-offset and berth-deepening. In 2019, the project was completed when one of the ship loaders was modified and two of the rail bogeys replaced. In 2020, a more effective road-haul solution to the terminal will be implemented.

Maputo Terminal (GML) recorded reduced utilisation of 738 339 tonnes, with overall earnings increasing by 42.3% of the prior year. Earnings were favourably impacted on the release of a provision of R4.4 million following the successful conclusion of a long outstanding stock-loss claim by a key customer and a R2.2 million coal take-or-pay receipt.

Maputo Car Terminal (MCTL) earnings increased solidly by 13.1%. Earnings were boosted by a volume mix favouring the more profitable local and heavy cargo, improved storage volumes, and improved volumes at 16 966 vehicles (2018: 15 891).

The two **Richards Bay terminals** experienced a substantial decrease in volume to 3.0 million tonnes (2018: 3.7 million tonnes), due to weaker markets. Alternative cargo options are being actively investigated in conjunction with Rail and other key stakeholders to boost volume and reduce reliance on coal. Capital investments to upgrade facilities to accommodate diverse commodities are being investigated.

Bay Stevedores continued to be impacted by market conditions with less vessel calls at the Richards Bay port than in the prior year.

Walvis Bay Terminal recorded a 73% increase in earnings on an above-target volume of 401 000 tonnes.

OPERATIONAL REVIEW LOGISTICS

Key achievements 2019

- Benefited from a strong increase in business by changing the OACL/ Grindrod-Intermodal reporting structure.
- Acquired additional storage and quay-handling facilities to cater for increased volumes.
- Recorded strong performance in SGM's Australian operations.
- Extracting 24 locomotives from Sierra Leone and redeploying them internally.
- Retained two significant fuel-transportation contracts in South Africa and Botswana.



Ocean Africa Maydon Wharf Terminal | DURBAN

Key challenges 2019

- Assisting shipping lines with effective container solutions.
- Addressing threats to the sustainability of the Rail business in Zimbabwe as a result of economic deterioration.
- Mitigating the incidence of non-reportable third-party road incidents and fatalities due to circumstances mostly out of Grindrod's control.

Key focus areas 2020

- Stabilise operations and implement lessons learnt from the COVID-19 pandemic.
- Finalise the development of additional quayside and storage facilities to accommodate increased container volumes.
- Develop the North-South Corridor solution.
- Deploy assets on the north-south corridor.
- Commission the Camperdown autoport facility.
- Grow Northern Mozambique logistics service offerings to Palma.
- Develop robust Malawi logistics service.

Operational review: Logistics continued

KEY INDICATORS

CONTINUING OPERATIONS

Economic

Revenue	^ 14.5%
R3 273 million (2018: R2 859 million)	
Trading profit	^ 4.2%
R855 million (2018: R820 million)	
Operating profit	▼ 0.6%
R345 million (2018: R348 million)	
Attributable profit	^ 126.3%
R134 million (2018: R508 million loss)	

Social

Fatalities	
1 fatality (2018: one fatality)	
LTIFR	▲ 105.1%
1.21% (2018: 0.59%)	
Social responsibility spend	▼ 39.7%
R2.5 million (2018: R4.2 million)	

Environmental²

GHG emissions (CO ₂ e) ¹	
163 186 tonnes	
Total electricity usage	
7 547 kWh	
Water usage	
59 294 kl	
Total land-based diesel	
21 236 kl	

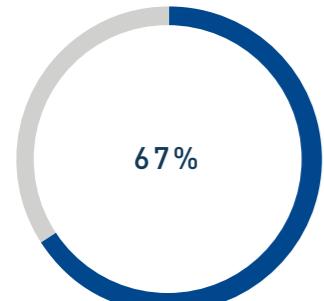
¹ Total GHG emissions including scope 3 (tonnes CO₂e).

² With the rebasing and the change in the structure of the operational divisions, no prior information in this format is available.

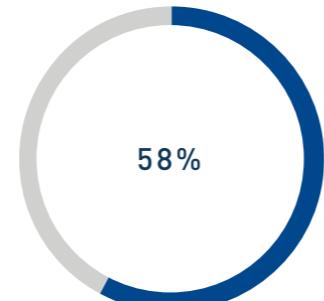


Operational review: Logistics continued

Contribution to Revenue (%)



Contribution to Trading Profit (%)



—

—

Logistics provides tailored logistics solutions across the supply chain, for the efficient, end-to-end delivery of diversified cargo.

The division's intermodal and seafreight logistics services combine inland corridor solutions with coastal feeder services spanning Mozambique, South Africa and Namibia. Logistics services in Mozambique are managed through a dedicated operation serving the country from Maputo in the south to Palma in the north, and an inland corridor to Malawi. Rail operations comprise the Beitbridge-Bulawayo concession and rail-stock leasing company GPR. Ships agency and clearing and forwarding services across the globe enhance the logistics product offerings. The division offers vehicle and fuel road transportation in South Africa, Botswana and Namibia.

In 2019, Logistics generated trading profit of R854.7 million (2018: R820.5 million), an increase of 4%.

LOGISTICS

Containers

The South African intermodal business achieved a marked improvement in performance following a change in reporting structure to manage OACL and Grindrod Intermodal as one business. The improvement was driven mainly by combining the two divisions' infrastructure to offer integrated logistics services managed as a continuous corridor.

OACL's earnings grew significantly, driven by additional Mozambique sailings and an increase in cement, chrome, steel and mill tonnages.

Additional facilities in the Maydon Wharf precinct were acquired to cater for the increased demand for quay-handling and storage of both bulk and containerised cargo.

Infrastructure and productivity challenges at the Port of Durban presented business opportunities, such as assisting a customer with the evacuation of a backlog of some 20 000 empty containers stuck in the port.

Grindrod Intermodal generated positive earnings in the third quarter and, by year-end, had reduced its loss.

Turn-around initiatives included business streamlining by adjusting the business model, optimising the pricing structure, renegotiating lease agreements, improving quality control and extensively expanding the footprint.

Facilities in Port Elizabeth and Cape Town were secured and an additional facility in Cape Town is being sought. A five-year contract with a major customer was renegotiated in the second half of 2019, resulting in significant increases in services delivery and income.

Northern Mozambique

Grindrod Logistics Mozambique earnings, impacted by the effects of a drop in estimated tonnage, was buffered by fixed-cost contracts, fuel savings and a weaker Rand-Dollar exchange rate.

Subsequent to year-end, the Syrah Resources Balama Mine has been shut down due to the COVID-19 pandemic. Once the lockdown has been lifted, production increases will be scaled in accordance with price movements, the exact timing of which is uncertain. Grindrod transports the graphite by road from the mine to the Port of Nacala over a distance of 500 km, containerises it at its cross-dock facility outside the port and transports it to the port for shipping.

In Nacala, expansion of the footprint is being investigated to complement services offered by the cross-dock facility, which includes truck-storage and maintenance and storage space for 30 000 tonnes a month and 4 000 containers for shipping lines and recently acquired customers. 15 truck-trailer combinations which are no longer required for the Syrah contract, are being used to serve these customers. Expansion into a facility next to the port is being investigated to capitalise on business opportunities and ease congestion in the port itself.

Road and port-related facilities and contracts are being developed in Pemba, north of Nacala, and Palma, the closest port to the current gas- and oil-exploration activities in northern Mozambique.

Opportunities to utilise a recently completed railway line between Nacala and Malawi are being investigated. The line has a capacity of 40 million tonnes a year over and above coal transportation, for which it was primarily constructed. The corridor offers two-way opportunities in cargo such as fuel, fertiliser and wheat from the port and tobacco, sugar, iron ore and pig iron to the port. The feasibility of developing a cargo depot in Blantyre is being assessed.

Operational review: Logistics continued

Clearing and forwarding and ships agency

Röhlig-Grindrod earnings grew 53% on prior-period earnings despite a reduction in orders. Warehouse utilisation remained unchanged at 58%, but operating margins improved by 31%.

Sturrock Grindrod Maritime earnings improved in 2019. Strong performance in the Australian operations offset subdued earnings in local operations. The newly acquired Novagroup did not perform as expected and the integration of SGMT into Novagroup continued as planned.

The ships agency business is expanding its footprint into China to offer notably Australian customers the advantage of having one agency managing port loading and discharge. The footprint now covers China, India, Australia, the UAE, Singapore, Thailand, South Africa, Mozambique, Tanzania and Kenya.

North-South Corridor

Continuing Rail operations comprise concession-management company NLPI and rail-stock leasing company GPR, which was held as a discontinued operation following a locomotive leasing contract default in Sierra Leone.

NLPI, which manages the 340-km railway concession between Beitbridge and Bulawayo on the north-south rail corridor through its Beitbridge Bulawayo Railways (BBR) subsidiary, reported a loss. The results were heavily impacted by the widening discrepancy between US\$ costs and Zimbabwe-dollar income.

GPR continued profitability in the current year with an increase in earnings of 19%.

The successful repatriation of the 24 locomotives from Sierra Leone followed a mammoth effort, which started towards end-March. The first challenge involved extensive inter-departmental negotiations up to ministerial level to convince the government to release the assets, which it wanted to remain in the country given efforts to resuscitate iron ore exports. The second challenge, in the absence of a rail link and a deep-water port, was to transport the locomotives from Pepel to Freetown and then to Durban. This challenge involved contracting the logistical expertise and assets from around West Africa to execute a complex landside delivery.

Respecting a governmental request to leave 10 locomotives in Sierra Leone, 24 locomotives were railed some 75 kilometres to a transshipment facility where the locomotive bodies, each weighing 72 tonnes, were lifted off their bogies by a mobile crane and loaded on specialised trucks for a 200-kilometre road trip to Freetown, where the locomotives were reassembled and loaded on a heavy-lift project vessel for shipment to Durban via Matadi in the DRC, where four of the locomotives which were sold were offloaded.

Auto- and fuel road transportation

The automotive and fuel road transportation businesses focused on improving vehicle and transportation efficiencies and growing their customer bases.

Grindrod Automotive recorded improved volumes with 153 441 vehicles (2018: 142 593). Its successes during the year include a 100% satisfaction rating for achieving customers' KPIs and achieving 100% customer retention. 21 new carriers were added to the fleet to cater for the increased volume, which, combined with the installation of equipment to reduce CO₂ emissions, resulted in an 11% increase in fleet fuel efficiency. Safety measures include the installation of equipment to monitor and trigger brake- and lane-assist, and on-board cameras, with an increased focus on road safety to minimise road incidents and fatalities.

The new autoport, which is being developed in Camdeboo for occupation in 2020, offers unique advantages and growth opportunities. It is situated on the N3 highway, the Free-State/Gauteng corridor, outside the co-called coastal rust belt. It is being developed as a facility focused on providing value-added services to OEMs and reducing Grindrod's environmental footprint through renewable energy, water consumption and recycling initiatives.

The fuel businesses recorded a loss in a tightly contested market.

Grindrod Fuologic in South Africa retained a large bulk contract for another two years and, as part of its diversification strategy, was awarded a contract to transport LPG, a market segment it has not been active in previously. Expansion into packaged products is being investigated to offer customers an integrated product-transport offering.

Grindrod Petrologistics in Botswana was again awarded the Vivo five-year transportation contract. The business added 47 vehicles to its fleet to ensure reliability and efficiency, including reduced CO₂ emissions, in executing the contract.

OPERATIONAL REVIEW BANK

Key achievements 2019

- Enhanced independence of the Board and refreshed executive management.
- Reverted management focus to core banking services following the separation of the investment arm into Group.
- Finalised the business model to drive the provision of platform-banking services.
- Categorised Lending activities to measure and increase assistance to SMEs.
- Improved credit rating by GCR Ratings to A-(ZA).

Key challenges 2019

- Addressing the requirements of increased regulatory oversight.
- Managing exposure and risk amid subdued economic activity and political turmoil.
- Containing costs.
- Diversifying income streams.
- Managing capital adequacy ratios following increases in risk weighting on the loan book.
- Managing bad debts and impairment in the loan book.

Key focus areas 2020

- Stabilise operations and implement lessons learnt from the COVID-19 pandemic.
- Progress transformation at all levels.
- Drive growth in SME lending.
- Finalise and market the platform-banking offering.
- Source suitable strategic partners to fuel business growth.
- Continue to achieve legislative and regulatory compliance.

Operational review: Bank continued

KEY INDICATORS

CONTINUING OPERATIONS

Economic

Revenue	▼ 38.1%
R350 million (2018: R566 million)	
Trading Profit	▼ 48.7%
R94 million (2018: R183 million)	
Operating profit	▼ 52.5%
R80 million (2018: R169 million)	
Attributable profit	▼ 24.6%
R83 million (2018: R111 million)	

Social

Number of employees ¹	▲ 1.5%
206 employees (2018: 203)	
LTIFR	Zero
0.00 (2018: 0.00)	
Training spend	▲ 108.3%
R2.5 million (2018: R1.2 million)	
Social responsibility spend	▼ 4.3%
R2.2 million (2018: R2.3 million)	

Environmental

Water usage	▲ 6.6%
8 728 kL (2018: 8 186 kL)	
GHG emissions (CO ₂ e) ²	▲ 23.3%
3 251 tonnes (2018: 2 637 tonnes)	
Scope 2 GHG emissions (CO ₂ e)	▼ 3.4%
2 388 tonnes (2018: 2 471 tonnes)	
Scope 3 GHG emissions (CO ₂ e)	▲ 419.9%
863 tonnes (2018: 166 tonnes)	

“

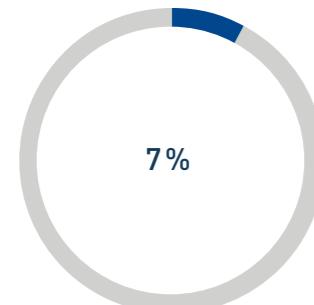
ENHANCED INDEPENDENCE OF THE GRINDROD BANK BOARD AND REFRESHED EXECUTIVE TEAM

¹ Includes joint ventures and associates at 100% shareholding.

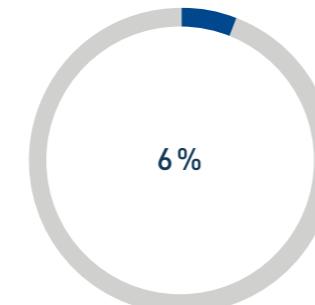
² Total GHG emissions including scope 3 (tonnes CO₂e).

Operational review: Bank continued

Contribution to Revenue (%)



Contribution to Trading Profit (%)



The Bank unlocks stakeholder value through a range of initiatives aimed at growing the traditional banking business and creating an enabling governance and funding structure.

2019 REVIEW

The Bank's trading profit declined to R94 million (2018: R183 million).

Significant progress was made with the Grindrod strategy of unlocking value by splitting the management of non-core banking activities out of the erstwhile Financial Services to create a stand-alone bank which would be adequately funded to grow its business and expand into new sectors, notably SME services.

The subdued economy, turmoil and conflicting messages in politics, evidence of increasingly poor SOEs performance and the threat of ratings downgrades made for a difficult trading environment. This was exacerbated by increased regulatory oversight following the liquidation of VBS Mutual Bank in the last quarter of 2018.

Stringent enforcement of regulations and requirements affected the entire banking sector. At Grindrod Bank, it resulted in revisions of bad-debt criteria and financial-instrument classifications, which required corrective action that impacted on provisions to cover revised capital adequacy ratios (CARs) and expected credit loss. Expected credit loss provision increased to R82 million (2018: R45 million).

As a result, combined with the effect of the SASSA-contract exit in the second half of 2018, attributable profit decreased to R83 million (2018: R111 million).

However, the Bank remains adequately funded following a R100-million capital injection. Its credit rating, assigned by Global Credit Rating Company (GCRC) improved from BBB+[ZA] in 2018 to A-[ZA] in 2019. These ratings reflect the bank's established niche business model, coupled with its resilient financial performance.

Lending, the core traditional banking business, decreased advances to R7.4 billion (2018: R7.8 billion). The property book was consistent with no bad debts. Preparation to increase the focus on SME business included analysing SME considerations and setting up the initial product offer accordingly. The analysis indicated that the Bank already has SME loans to the value of R1.6 billion on its books.

Treasury, which funds lending activities, grew its deposit base by 6% to R11.19 billion (2018: R10.51 billion). The value of its listed bond-investment was increased by an additional R250 million subscription.

Corporate Finance, active in the JSE-sponsor market, again experienced modest but stable earnings due to subdued corporate-transaction activities.

Capital Markets reported solid earnings on its R1.7 billion third-party preference share investment product, generating R9.9 million (2018: R9.0 million).

Retail geared itself to enter the platform-banking market, offering fintech customers a platform through which their customers can transact. Market needs have been identified and marketing opportunities focused on appropriate potential customers.

OPERATIONAL REVIEW SOCIAL RESPONSIBILITY

Grindrod manages its social responsibility through contributions that favour education and the environment and by supporting staff who wish to be involved personally in initiatives that impact people's lives.

CORPORATE INVOLVEMENT

Corporate contributions are made annually to Adopt-a-School, the Cyril Ramaphosa Educational Trust (CRET) and the Wildlands Conservation Trust. Donations to these proven and results-driven umbrella organisations constitute the largest contribution towards social responsibility. Donations totalled R2.8 million in 2019 (2018: R4.5 million).

The Adopt-a-School sponsorship included:

- supplementary classes in mathematics and physical science at Ndukwenele Secondary School and Inhlakanipho High School, and
- a boot camp, the provision of computers at Hlahlindlela and training for a desktop-support technician.

Since partnering with Adopt-a-School in 2010, Grindrod has contributed R3.9 million to fund infrastructure and teacher and learner interventions, and involved staff with interactions to motivate and mentor students.

The CRET is aimed at sponsoring university students. The trust also provides leadership training, personal empowerment camps and a mentoring programme to support and empower bursary recipients. The trust celebrated good growth, with 106 students on the programme at the beginning of the year (2018: 104), the highest number since inception.

Grindrod has to date funded comprehensive bursaries to 11 students, covering tuition, accommodation, books, stationery and a monthly stipend. Six of the students have graduated with their first qualification and five are in their final year of post-graduation studies. One student is practising as a medical doctor and another is completing her articles at an audit firm. Other qualifications achieved include degrees in accounting, medical sciences, environmental sciences and geography and national diplomas in taxation.

Since its first contribution to the trust in 2014, Grindrod has contributed R2.8 million to tertiary bursaries.

A significant outreach occurred days after cyclone Idai caused severe flooding and disruption in the Beira area. In a joint effort, Grindrod, MPDC, SGM and MICD employees contributed and packed a 12m container with items towards the aid relief. OACL released the MV Border, a 14,357-tonne deadweight container vessel, from Durban to perform a relief voyage to collect donations from Maputo for delivery in Beira.

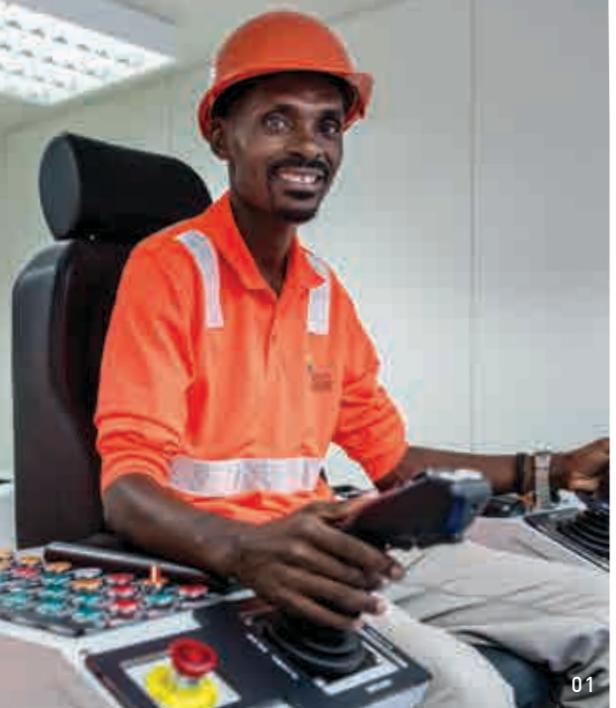
Investments in Wildlands are made to the Blue Fund, which was established in 2010 as a partnership between the trust and the Bank. The Bank acknowledges its heritage of merging entrepreneurship with the potential of the ocean by supporting WILDOCEANS projects. The involvement supports certain threads of Operation Phakisa, which has the potential to contribute up to R177 billion to GDP and create more than one million jobs by 2033, through focus areas such as marine protection, research and tourism.

The Bank's support includes:

- **The Ocean Stewards** programme, a socioeconomic development initiative in its fifth consecutive successful year, gives selected marine students an all-encompassing experience in offshore research aboard an oceanic research vessel, under the guidance of marine scientists. The experience adds depth to the students' post-graduate studies. In addition to building capacity in the sector, it contributes to important scientific research that will help to build the case for the protection of our coastlines.
- **WhaleTime**, a tourism initiative which aims to train and upskill tour guides from disadvantaged communities through both land- and boat-based training. They spend time at the Port Natal Maritime Museum and study through the KZN Coastal College. Those who wish to stay for a second year of capacity building are given the opportunity to complete the three-month intensive Level 2 CATTHSETA tour guide accreditation programme at the SA Association for Marine and Biological Research. WhaleTime initiated a Welcoming of the Whales festival on the Bluff in Durban. It is envisaged that the site of Durban's historic old whaling station will be central to developing this area into a signature eco-tourism enterprise with a strong conservation message.
- **The Blue Crew**, a team of local female entrepreneurs, who address the environmental and social challenges linked to coastline waste. They perform daily clean-ups and inspire others to do the same. The Blue Crew also barter the waste they collect with the **WILDTRUST** for recycling in exchange for cash. Approximately 60% of waste can be recycled, mostly light-weight plastics like PET and LDPE.

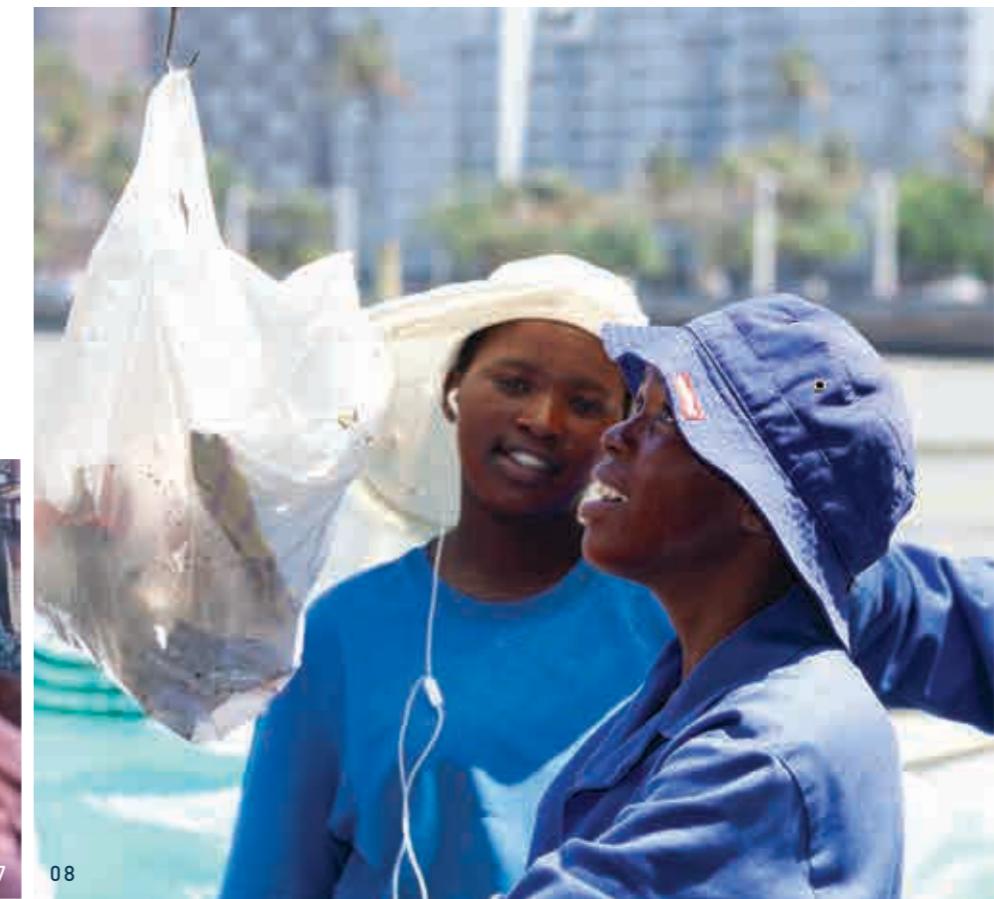
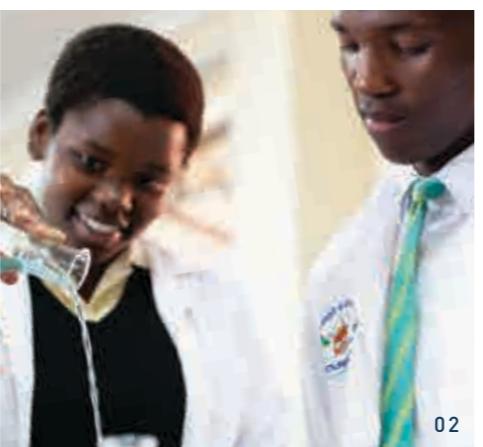
The Bank also partnered with various organisations to create employment, raise funds for local communities and empower local schools:

- The **Hilton Arts Festival**, an annual event aimed at promoting and preserving the arts by bringing South African performing arts to the province, and supplementing this with a varied music programme, a quality craft market, visual arts, arts-related lectures and workshops, food and drink outlets and street and free entertainment. The festival also runs successful schools' day-programmes, such as the Jongosi School Programme, which allows pupils from many other schools to experience quality, pre-selected theatre productions in a safe environment.
- The **Umngazi Pondo Pedal** mountain biking event, which is held annually and is a popular fixture in the mountain-biking calendar, whilst simultaneously raising much-needed funds to support the surrounding Umngazi and Bergville communities. Many of the locals also find employment through these events. Money raised is used for a series of building upgrades at local schools, to help overcome daily challenges experienced within the learning environment, such as limited teaching space, cramped classrooms and poor kitchen facilities. In coming years, the Bank will further engage with schools and local government to ensure that teaching aids and resources are supplied and maintained.
- Sponsoring the **Green Trail Run**, aimed at promoting green lifestyles and raising awareness about plastic pollution in oceans. The event is organised by the Durban Green Corridors, a non-profit organisation set up to address three pressing needs: youth development, economic upliftment and environmental stewardship.
- Supporting the **Rally To Read**, a long-running educational initiative that supports disadvantaged schools in remote areas to have school books and teaching support.



[01]
THE ADOPT-A-SCHOOL FOUNDATION

Since partnering with Adopt-a-School in 2010, Grindrod has contributed R3.9 million to fund infrastructure and teacher and learner interventions, and involved staff with interactions to motivate and mentor students.



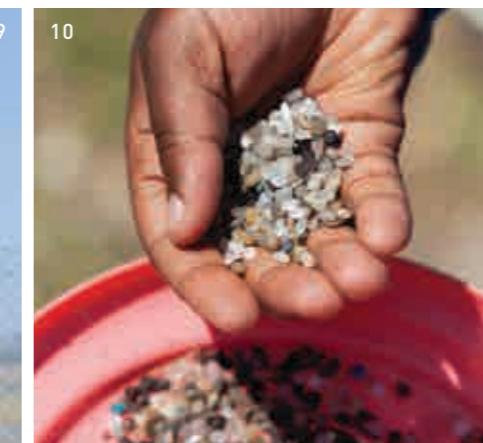
[01]
PORTO+

Elisa, 31 years old is one of the employees adding value to MPDC. Elisa was born with Down syndrome. She loves the value of TEAMWORK within the core values of MPDC, and enjoys working with her colleagues in the canteen.



[04 - 06]
THE GRINDROD FEEDING PROJECT

One of the unintended benefits of participating in the Grindrod Feeding Project is the time you have to catch up with colleagues of different divisions, sharing stories and having great banter. Whilst buttering peanut butter sandwiches and packing lunch bags, I am reminded of our abundant grace and the need to make the lives of others better.



[08 - 11]
THE BLUE CREW

The project aims to provide a livelihood to unemployed women, whilst cleaning up Durban's coastal areas. The Blue Fund aims to create awareness through this project, highlighting the waste that reaches our oceans, that will spark positive public behaviour.

Operational review: social responsibility continued

In 2019 Maputo Port Development Company (MPDC) embarked on an inspiring initiative based on one of their core values – CARE, for inclusive employment, aptly named the Porto+ Project. The + represents the value that the project adds to the lives of many people, within one of the important port cities in southern Africa, being talent, value, solidarity, responsibility, respect, tolerance, opportunity, diversity, inclusion, ethics – culminating in love.

This project, in partnership with CERCI Maputo (Association of Parents with Children with Special Educational Needs) and FAMOD (Forum of Mozambican Associations for the Disabled), resulted in the inclusion of 15 persons living with disability in the staff complement of MPDC. The 15 newly appointed employees add value to MPDC in various functions and positions, ranging from canteen assistants to legal advisors. Their stories are humbling and impactful. Osorio Lucas, Executive Director of MPDA says: "The result is a mutual enrichment and the benefits are immeasurable. We are creating a sense of belonging."

EMPLOYEE PARTICIPATION

The three divisions encourage employees to become involved in social-responsibility outreaches of their choice.

Social outreaches are measured against the UN Sustainable Development Goals (SDGs) of achieving inclusivity of people (through quality education, sustainable communities, good health and well-being and no poverty), responsible profits (through decent work and economic growth) and the sustainability of the planet (through clean water and sanitation and responsible consumption and production).

Safety, people and environment were focus areas for outreach and awareness activities.

On 28 April 2019, several operations celebrated safety and health at work by offering vital health screening and 'flu vaccinations, endorsing the I-am-safe campaign and conducting workshops on employee wellness. Operations in Richards Bay, Maputo, Walvis Bay participated, in participation with SHERQ colleagues. In Sandton, the day started with an early-morning session of warm-up exercises and tips on how to relieve stress and tension.

June saw a focus on health awareness. Richards Bay arranged various workshops, which included eye, blood-pressure and confidential HIV tests, as well as financial awareness. At TCM, SHERQ and HR joined forces to offer health-related workshops and team-building exercise classes and partnered with MPDC and DP World to donate blood. In October, TCM arranged its own on-site blood donation for the first time. Sandton also arranged its first on-site blood-donation drive. People outreaches included several Mandela-Day initiatives, including the Richards Bay team packing 5 000 meals in the allocated two hours for Rise Against Hunger. In Maputo, on Children's Day on 1 June, a donation of 50 books and 900 pens and pencils was made to the rural school Escola Primaria de Lhangune in the area of Moamba. In December, Maputo volunteers joined the MPDC sports day with an "entrance fee" donation of 5kg non-perishable goods for the Plataforma Solidária Makobo, an initiative driving projects such as a daily food kitchen and school-based poverty and education projects. Close to 60 staff members donated 330kg of non-perishable goods. Perishable goods were also donated by RBGT employees to the Richards Bay Family Care Centre, in partnership with the Brand-it-blue initiative of the Express Employment Professionals.

Sandton and RBGT showed their solidarity with the movement against violence, abuse and rape by wearing black clothes to work.

Women's Day was celebrated on 7 April in Sandton with a ladies' lunch, while Grindrod Mozambique gave each lady a token of appreciation in the form of a traditional capulana, a type of sarong worn primarily in Mozambique as a wrap-around skirt, dress or even a baby carrier.

Several environmentally focused outreaches were arranged in Mozambique. TCM arranged an environmental presentation by SHERQ to staff and initiated a tree-planting drive of 60 fruit trees with the Pessene community on the Maputo Rail Corridor.

World Clean-up Day on 19 September was celebrated by 25 Grindrod staff and family volunteers who joined the Maputo drive by cleaning the Maputo beachfront.

Responsible waste management was promoted by TCM, that donated two three-tonne trucks of firewood from its annual tree-pruning at the terminal to Infantário da Matola, an orphanage for children with disabilities, and the installation of composters for organic waste in the GML and TCM canteens. The compost will be donated to the Escola Plataforma Solidária Pescadores programme to educate children in the rural area of Costa do Sol on sustainable food-growing.

An outreach started in 2018 by OACL, namely to prepare lunch packs for 600 homeless people outside the Durban harbour, became a Group project in 2019. Foodpacks with balanced nutrition are prepared by departments on a rotational basis and donated for distribution to the Domino Foundation, a non-profit organisation that creates essential structures geared towards supporting people, projects and programmes that meet the physical and other needs of individuals and communities.

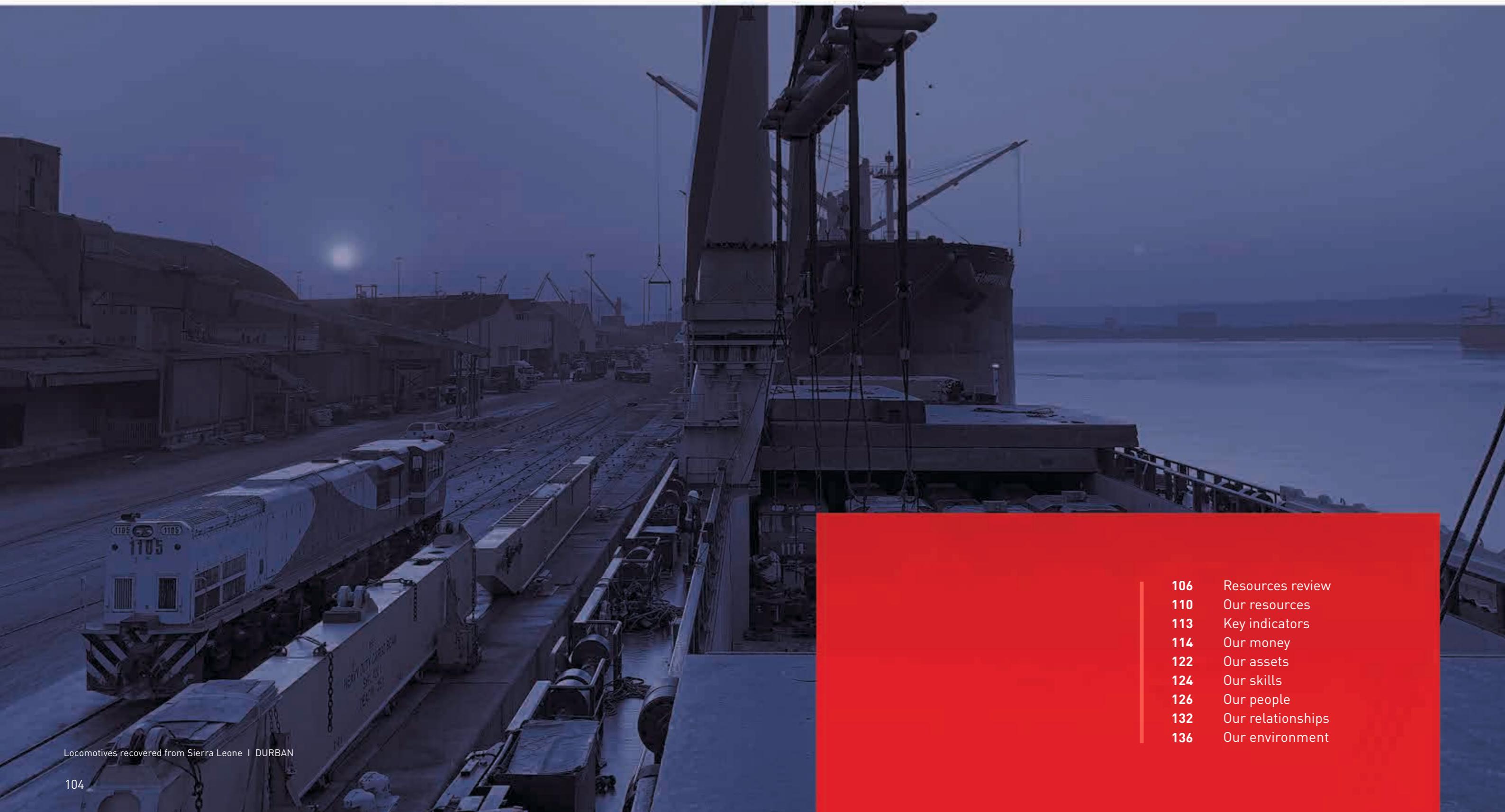
The **Bank** also supports employees who wish to reach out by endorsing initiatives to preserve the environment and improve people's lives:

- Asking employees to contribute to **The Bucket Drive**, an initiative organised by an NGO called We Are Durban, which runs throughout the month of November. Employees are challenged to fill 20-litre buckets with non-perishable groceries. The Bank bought the buckets from We Are Durban and staff provided the contents to provide poor families with basic food items, allowing them to choose their own Christmas treat. Bank staff split into 17 teams who were given four weeks to fill as many buckets as possible. The goal was to fill 100 buckets, but, thanks to employee enthusiasm, 1 010 buckets were filled and dispatched (813 in Durban, 122 in Johannesburg, 50 in Pretoria and 25 in Cape Town), which is an average of more than five buckets per employee and approximately R190 000 in fundraising. The winning team was from the Treasury department in Durban. They collected 284 buckets between 11 team members.
- Encouraging employees to **#choosetorefuse** by not using merchandise made of plastic. These include pens, USBs, plastic-covered notebooks, plastic name tags, water bottles and towels with plastic hooks. Quick wins include using reusable water bottles and terra bags instead of plastic bags when going shopping.
- Influencing suppliers to reduce plastic packaging that merchandise is delivered in and to encourage employees to purchase only recyclable corporates gifts and to support plastic-free shops.



ENCOURAGING VOLUNTARY EMPLOYEE PARTICIPATION IN COMMUNITY INVOLVEMENT TO DRIVE INCLUSIVE REGIONAL GROWTH

RESOURCES REVIEW



Locomotives recovered from Sierra Leone | DURBAN

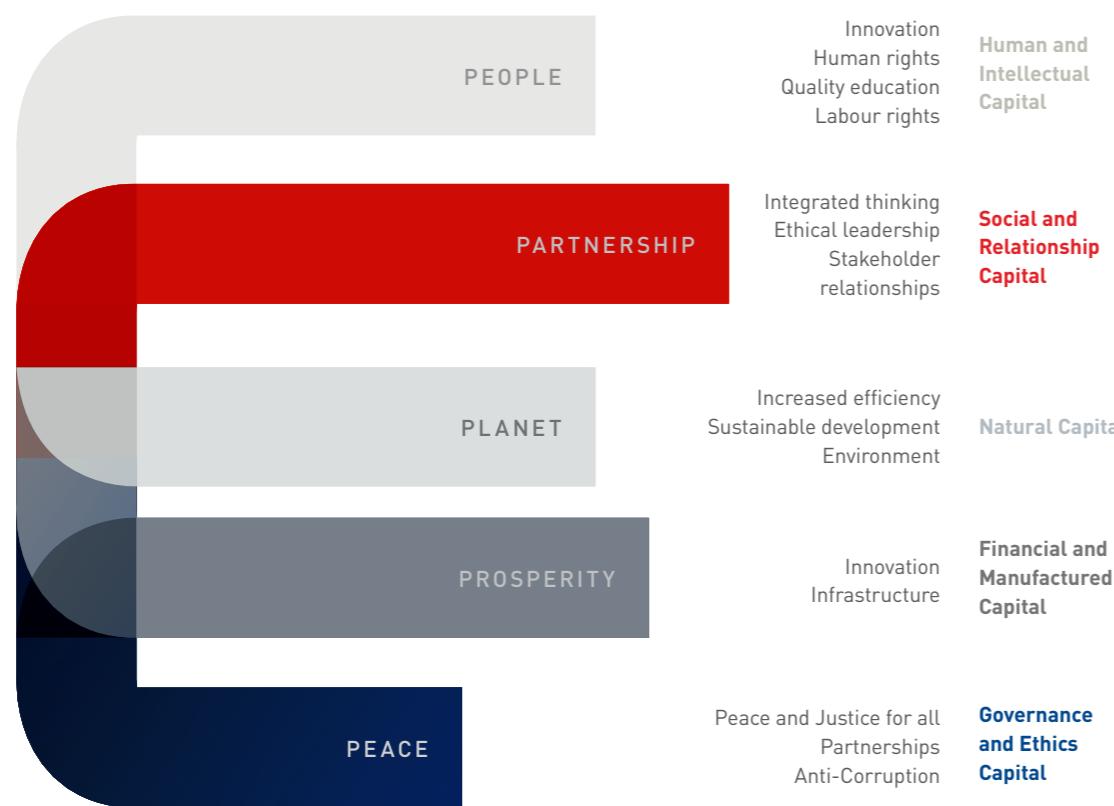
- 106** Resources review
- 110** Our resources
- 113** Key indicators
- 114** Our money
- 122** Our assets
- 124** Our skills
- 126** Our people
- 132** Our relationships
- 136** Our environment

RESOURCES REVIEW

Grindrod substantiates its commitment to the responsible and ethical management of resources through combining frameworks that guide sustainable, ethical and socially responsible objectives, strategies, work plans, evaluation tools and reporting structures.

These frameworks are:

- King IV, structured to achieve four fundamental governance outcomes according to universal principles and recommended practices. It aims to achieve an ethical culture, good performance, effective control and legitimacy.
- The six capitals of value creation, a concept which was introduced by the International Integrated Reporting Council (IIRC) in 2013 and which now form part of King IV. The capitals provide a meaningful framework for developing sustainable, ethical and socially responsible strategies, evaluation tools and reporting structures. Grindrod has internalised the six capitals as our money (financial capital), our assets (manufactured capital),



our skills (intellectual capital), our people (human capital), our relationships (social and relationship capital) and our environment (natural capital) and incorporated them into key governance processes, including the risk governance framework and capital-investment decision processes.

- The Sustainable Development Goals (SDGs) published by the United Nations in terms of its 2030 Agenda for Sustainable Development, which represent a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Grindrod adopted five of the goals most relevant to its business. The SDGs adopted, which guide business strategy and implementation at Group and operational level are SDG4 (quality education), SDG6 (clean water and sanitation), SDG8 (decent work and economic growth), SDG9 (industry, innovation and infrastructure) and SDG13 (climate action). SDG5 (gender equality) was subsequently adopted to reflect Grindrod's solidarity with the growing awareness that gender equality and the elimination of gender-based violence are pivotal to sustainable businesses and communities.
- The SDG Compass, a tool that facilitates sustainability as an outcome of core business strategy.
- The UN Global Compact's Ten Principles, a value system that focuses on corporate responsibility in relation to human rights, labour, the environment and anti-corruption.
- The Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.
- The Rio Declaration on Environment and Development.
- The OECD Anti-Bribery Convention.
- The TCFD recommendations on climate-related financial-risk disclosures.

These guidelines are further defined through specific international management and reporting parameters included in integrated management systems, comprising:

- the ISO 9001 quality criteria;
- the ISO 14001 environmental management system;
- the ISO 45001 occupational health and safety framework;
- the ISO 27001 information security management framework;
- the ISO 30001 risk management and the COSO internal control frameworks;
- the indicator assessments used as a basis for the FTSE/JSE Responsible Investment Index;
- the concepts and guiding principles included in the GRI's G4 Sustainability Reporting Standards for the disclosure of the most critical impacts on the environment, society and the economy;
- the international GHG Protocol, which defines reporting parameters for GHG or carbon (C) emissions, based on an operational-control approach; and
- the CDP reporting framework including TCFD recommendations.

Resources review continued

SUSTAINABLE DEVELOPMENT GOALS (SDGs)



The 17 SDGs set targets spanning people, planet, prosperity, peace and partnership. Grindrod adopted six SDGs that relate specifically to its areas of business:

- SDG4 – To ensure inclusive and quality education for all and promote life-long learning, through employee development initiatives, industry-related training and community-focused social investments, including:
 - career development plans;
 - leadership and management development programmes;
 - mentorship programmes and on-the-job training;
 - learnerships and apprenticeships, including disability learnerships;
 - skills training and workshops;
 - an internship programme; and
 - investments in Adopt-a-School and the Cyril Ramaphosa Educational Trust.
- SDG5 – To achieve gender equality and empower all women and girls, through policies and principles aimed at eliminating gender-based discrimination, including:
 - equal access to work;
 - training and skills development;
 - CSI initiatives;
 - ICAS support to all employees and their immediate families; and
 - an anonymous third-party tip-off procedure.
- SDG6 – To ensure access to water and sanitation for all, through a water-management policy that targets:
 - effective water-resource management, including participation in the uMhlthuze Water Stewardship Partnership in the Richards Bay area to improve downstream water efficiency;
 - rain-water harvesting; and
 - dust suppression with used water from holding dams.



- SDG8 – To promote inclusive and sustainable economic growth, employment and decent work for all, through empowerment initiatives, HR policies, a safe working environment and steps to ensure the wellness of people, including:
 - the fair treatment of all employees;
 - working towards achieving B-BBEE targets;
 - standardised remuneration structures acknowledging individual merit;
 - promoting safety through a formalised SHERQ strategy and framework; and
 - external and internal enterprise-development initiatives.
- SDG9 – To build resilient infrastructure, promote sustainable industrialisation and foster innovation, through stringent management systems based on international benchmarks, investments in strategic infrastructure projects and a focus on people, which include:
 - diversification strategies in commodity handling to promote sustainable capacity utilisation;
 - developing a two-way logistics corridor solution between Nacala and Malawi and road- and port-related facilities at the Port of Pemba in Mozambique;
 - establishing infrastructure in Palma to benefit from the gas- and oil-exploration activities in the far north of Mozambique;
 - integration with rail partners to deliver freight solutions;
 - the development of the Camperdown autoport offering value-adding vehicle services to manufacturers and importers;
 - the development of specialised banking service solutions in the fintech market segment; and
 - using innovative technologies in company vehicles to promote safety.
- SDG13 – To take urgent action to combat climate change and its impacts, through the implementation of Vision 2020, which achieved, amongst others:
 - emissions reduction, water security and waste management;
 - investments in environmental and community coastline preservation and awareness projects;
 - maintenance of the auto fleet replacement policy;
 - a scenario analysis based on the criteria of the TCFD; and
 - the further development of the TCFD recommendations, such as incorporating climate change into strategy, governance, risk management and 2025 climate change and environmental metrics and targets.

Resources review continued

OUR RESOURCES

Key achievements 2019

- **Our money:** Improved financial performance from continuing operations.
- **Our assets:** Progressed projects for future expansionary growth and diversification.
- **Our skills:** Expanded our skills base into new geographical locations.
- **Our people:** Completed the MDP and SMDP.
- **Our relationships:** Maintained and built on strategic relationships with key stakeholders.
- **Our environment:** Developed a 2025 climate change and environmental policy.

Key challenges 2019

- **Our money:** Achieving targeted returns.
- **Our assets:** Underutilisation of infrastructural assets.
- **Our skills:** Retention and sourcing of key skills to meet transformational objectives.
- **Our people:** Optimising awareness of threats to life inside and outside operations.
- **Our relationships:** Managing the effects of increased regulatory requirements in the financial sector.
- **Our environment:** Driving improved resource efficiency.

Key focus areas 2020

- **Our money:** Target robust operational financial performance.
- **Our assets:** Secure contracted volumes and build effective corridor solutions for bulk commodity flows.
- **Our skills:** Entrench value-adding talent management initiatives to deepen the employee skills-base across the Group.
- **Our people:** Focus on strategies that drive alignment with key transformation best practices.
- **Our relationships:** Foster mutually beneficial stakeholder involvement, an engaged workforce and improved community sustainability.
- **Our environment:** Finalise and embed the new environmental metrics and targets according to the TCFD methodology.



Resources review continued



KEY INDICATORS

	Value added	Cash generated by operations	Shareholders' equity
Our money	^ 38.9% R2 650 million (2018: R1 908 million) (2017: R2 225 million)	^ 1.1% R590 million (2018: R584 million) (2017: R559 million)	▼ 6.6% R8 808 million (2018: R9 431 million) (2017: R13 955 million)
Our assets	▼ 39.6% R456 million (2018: R756 million) (2017: R658 million)	^ 300.0% 3.6% (2018: 0.9%) (2017: 4.0%)	▼ 39.7% R456 million (2018: R756 million) (2017: R469 million)
Our skills	^ 28.3% R11.8 million (2018: R9.2 million) (2017: R5.7 million)	^ 20.8% 1 904 employees (2018: 1 576) (2017: 1 479)	^ 26.0% R2 478 per employee (2018: R1 966 per employee) (2017: R1 090 per employee)
Our people	^ 0.4% 4 746 employees (2018: 4 728 employees) (2017: 5 232 employees)	^ 2.7% 30.0% of employees (2018: 29.2%) (2017: 32.2%)	— One fatality (2018: 1 fatality) (2017: 2 fatalities)
Our relationships	▼ 10.5% 8 810 shareholders (2018: 9 842 shareholders) (2017: 11 271 shareholders)	▼ 24 countries (2018: 31 countries) (2017: 31 countries)	Social responsibility spend ▼ 37.8% R2.8 million (2018: R4.5 million) (2017: R8.7 million)
Our environment	^ 6.9% 181 437 tonnes CO ₂ e (2018: 169 611 tonnes) (2017: 140 236 tonnes)	Electricity efficiency⁶ ^ 3.7% 3 668 kWh/ FTE (2018: 3 536 kWh/ FTE) (2017: 3 515 kWh/ FTE)	CDP rating ▼ C-rating (2018: B-rating) (2017: C-rating)

¹ Excludes operations classified as held for sale.

² Includes joint ventures and associates at 100% shareholding.

³ South African-based operations only. Includes temporary/contract staff, but excludes foreign nationals.

⁴ Includes total shareholdings for ordinary and preference shares.

⁵ Total GHG emissions including scope 3].

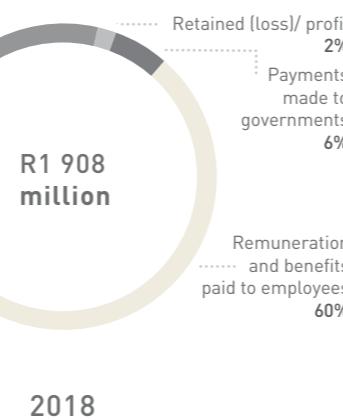
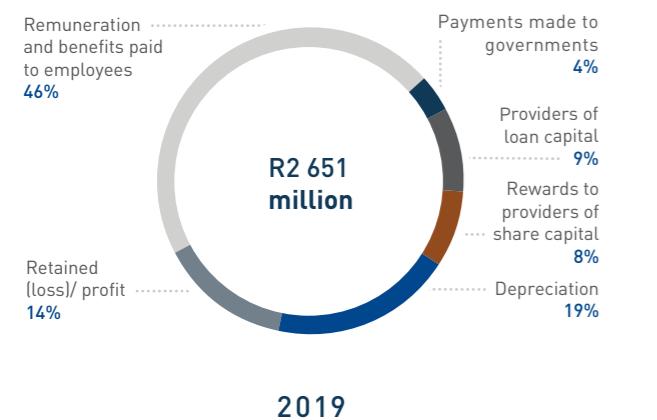
⁶ Values rebased to exclude Shipping and operational restructure.

OUR MONEY (FINANCIAL CAPITAL)

The economic resources which Grindrod uses to generate revenue, fund projects and provide shareholder returns. These resources include equity and debt funding and retained earnings.

VALUE ADDED

Distribution of wealth (%)



2019

2018

Ordinary dividend per share (cents)

2019	19.2
2018	14.6
2017	-
2016	-
2015	19.6

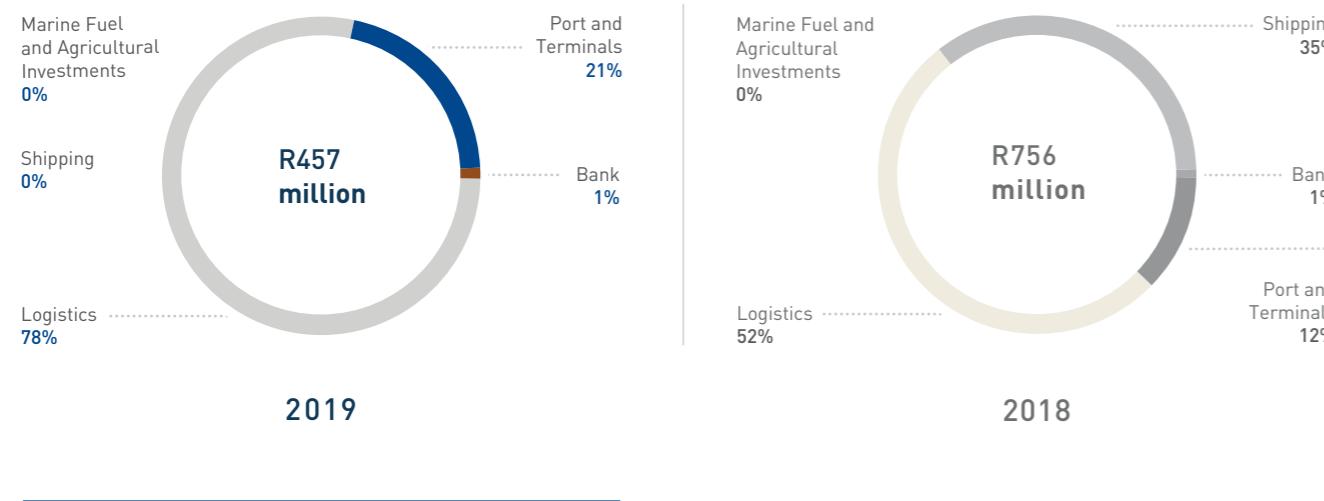
Return on ordinary shareholders' funds (%)

2019	3.6
2018	(0.2)
2017	4.6
2016	0.9
2015	(8.1)

Resources review: our money continued

CAPITAL INVESTMENT

Capital expenditure by business area (%)



	2019	2018	2017	2016	2015
	Rm	Rm	Rm	Rm	Rm
Continuing operations					
Port and Terminals	98	93	165	120	252
Logistics	357	395	329	230	255
Bank	2	2	8	7	22
Discontinued operations/ held-for-sale					
Marine Fuels and Agricultural Investments	-	-	1	1	20
Shipping	0	266	155	770	805
Total capital expenditure	457	756	658	1 128	1 354

Net interest-bearing debt to total shareholders' funds (%)



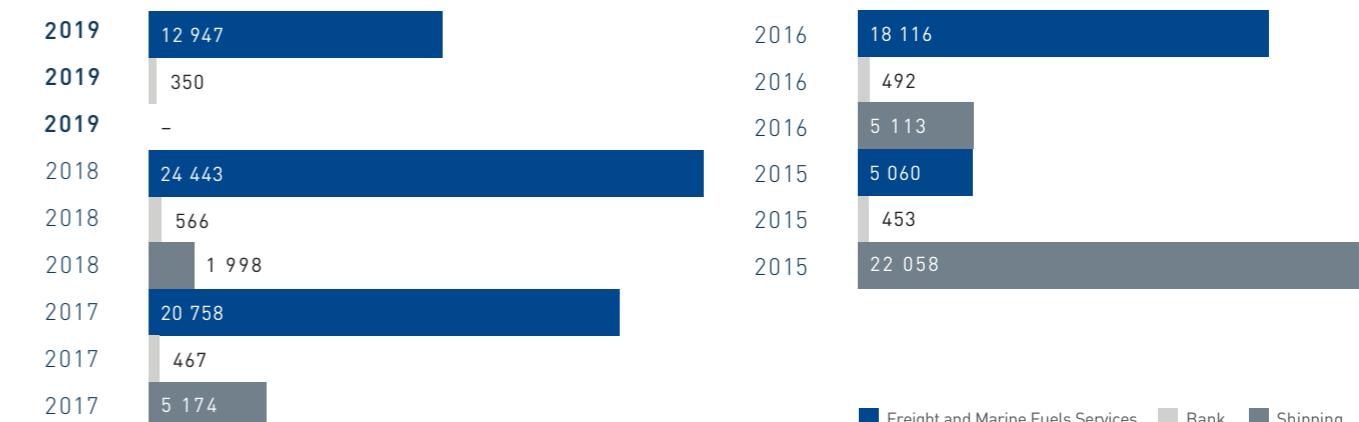
DIVISIONAL FINANCIAL INFORMATION

	Port and Terminals			Logistics		
	2019 Rm	2018 Rm	Growth %	2019 Rm	2018 Rm	Growth %
Income statement						
Revenue	1 152	925	24.5	3 273	2 859	14.5
Trading Profit	458	306	49.9	855	820	4.2
Operating income/ (loss)	329	183	80.4	345	348	(0.6)
Share of associate companies' profit/ (loss)	72	62	15.3	-	1	(114.0)
Attributable profit/ (loss)	175	140	25.6	134	(508)	126.3

Statement of financial position

Non-current assets/ investments	2 625	2 812	[6.7]	3 332	3 091	7.8
Bank loans, advances and liquid assets	-	-	-	-	-	-
Current assets	400	230	73.8	1 267	1 405	(10)
Bank and Cash	515	633	(18.6)	459	768	(40.3)
Total assets	3 540	3 675	[3.7]	5 058	5 264	(3.9)
Equity	2 309	2 393	[3.5]	1 842	1 841	0.1
Interest-bearing debt	825	986	(16.3)	1 630	1 722	(5.3)
Other liabilities	406	297	36.8	1 586	1 701	(6.8)
Total equity and liabilities	3 540	3 675	[3.7]	5 058	5 264	(3.9)

Revenue by division (Rm)



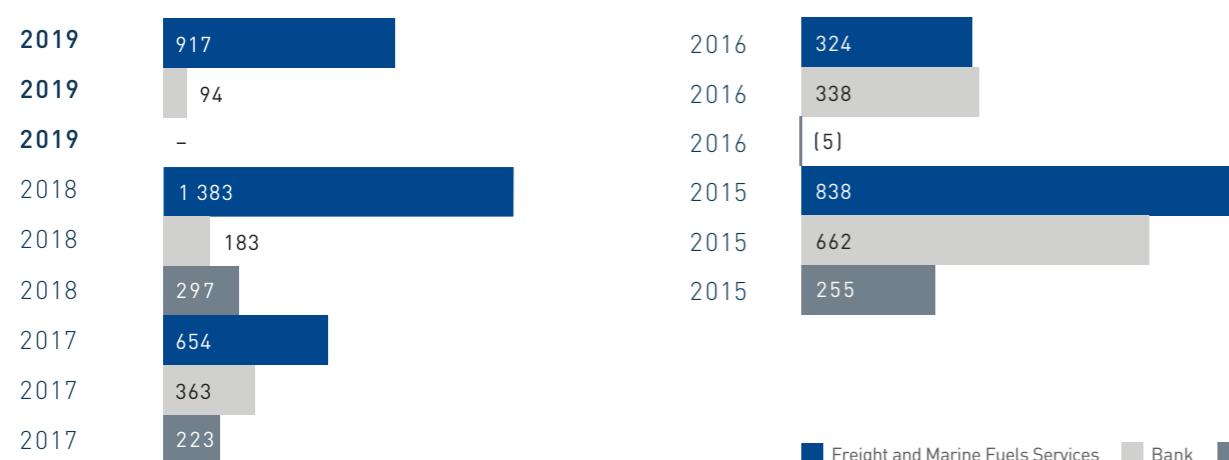
Resources review: our money continued

DIVISIONAL KEY RATIOS

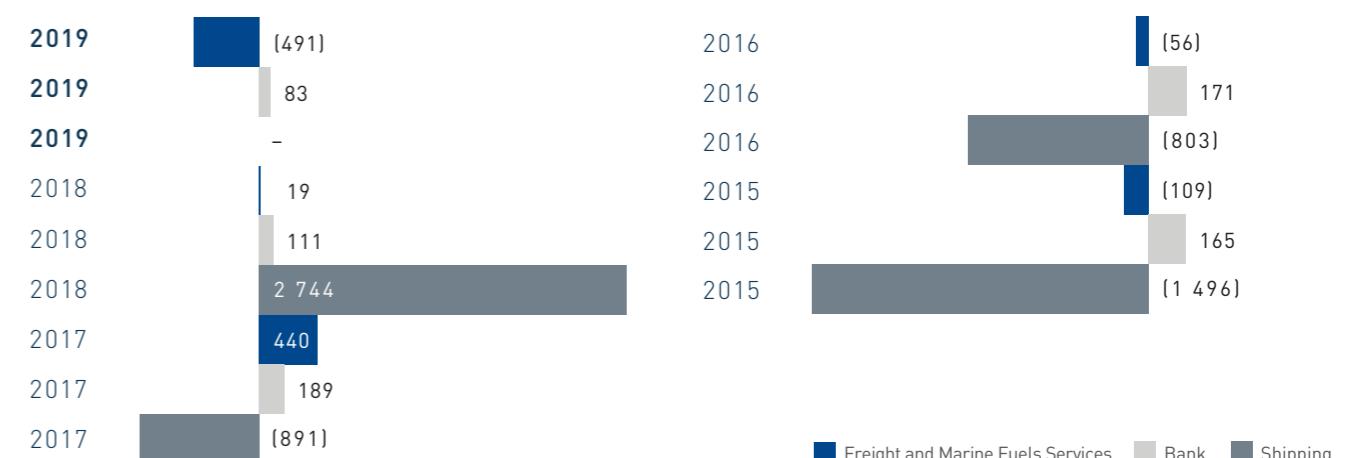
Bank			Group (GFSH)			Discontinued/ held-for-sale operations					
2019	2018	Growth	2019	2018	Growth	2019	2018	Growth	2019	2018	Growth
Rm	Rm	%	Rm	Rm	%	Rm	Rm	%	Rm	Rm	%
350	566	(38.1)	119	166	(28.5)	8 403	20 493	(59.0)	-	1 998	(100.0)
94	183	(48.7)	56	167	(66.6)	(452)	90	(602.2)	-	297	(100.0)
80	169	(52.5)	28	124	(77.3)	(457)	81	(664.2)	-	89	(100.0)
-	-	-	-	-	-	14	123	(88.2)	-	-	-
83	111	(24.6)	(92)	238	(138.9)	(708)	149	(575.2)	-	2 744	(100.0)
1 176	1 051	11.9	3 262	2 536	28.6	-	1 050	(100.0)	-	-	-
7 411	7 692	(3.6)	1 019	331	207.9	-	-	-	-	-	-
3 204	3 287	(2.5)	56	1 207	(95.3)	949	2 612	(63.7)	-	-	-
3 557	2 202	61.5	349	892	(60.9)	-	-	-	-	-	-
15 348	14 232	7.8	4 686	4 966	(5.6)	949	3 662	(74.1)	-	-	-
1 563	1 356	15.3	3 240	2 510	29.1	949	1 412	(32.8)	-	-	-
11 956	10 994	8.7	1 044	1 838	(43.2)	-	345	(100.0)	-	-	-
1 829	1 882	(2.8)	402	618	(34.9)	-	1 905	(100.0)	-	-	-
15 348	14 232	7.8	4 686	4 966	(5.6)	949	3 662	(74.1)	-	-	-

	Port and Terminals		Logistics	
	2019	2018	2019	2018
Return on ordinary shareholders' equity	%	7.5	6.1	7.3
Operating margin	%	28.6	19.7	10.6
Debt:equity ratio		0.14:1	0.15:1	0.64:1
Return on net assets	%	8.5	6.6	8.4
Attributable profit/ (loss) per employee	R000	230	185	53

Trading profit by division (Rm)



Attributable profit by division (Rm)

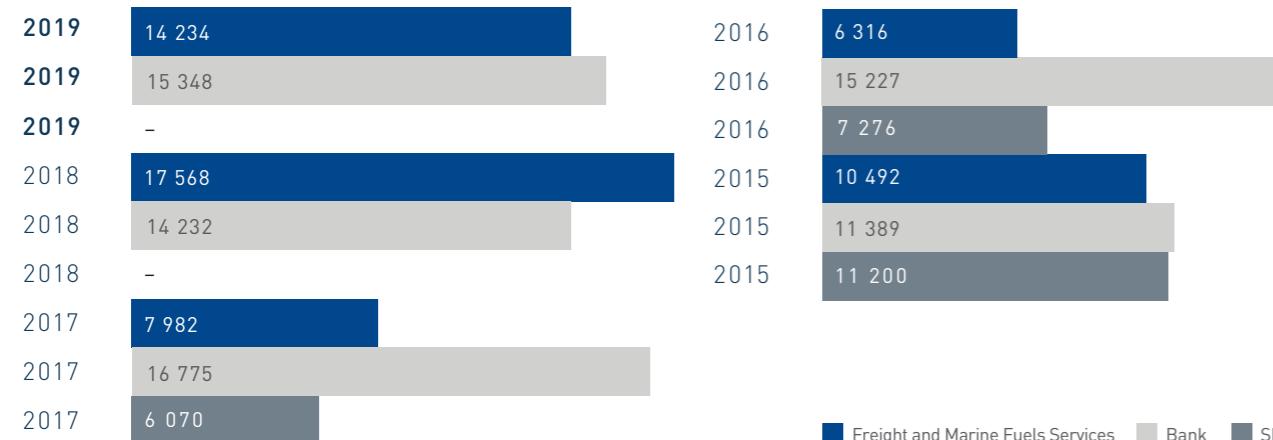


■ Freight and Marine Fuels Services ■ Bank ■ Shipping

Resources review: our money continued

Bank		Group (GFSH)	
2019	2018	2019	2018
7.4	11.4	(4.8)	12.3
20.6	29.8	23.6	74.3
{1.21}:1	{1.68}:1	0.47:1	0.30:1
0.5	1.2	(0.5)	4.1
405	545	(388)	1 514

Total assets by division (Rm)



OUR ASSETS (MANUFACTURED CAPITAL)

The physical infrastructure that Grindrod creates, develops, acquires and manages to provide services and products to grow the business. Infrastructure includes the port of Maputo, terminals, warehouses, depots, feeder vessels and road fleets.

TERMINALS CAPACITY AND UTILISATION

	2019	2018	% change	Existing capacity
Terminal				
Dry bulk (tonnes)	10 082 575	9 975 367	1	15 150 000
Matola Coal Terminal ¹	5 898 684	5 193 647	14	7 300 000
Richards Bay	3 044 700	3 668 909	(17)	6 100 000
Walvis Bay (Namibia)	400 852	303 595	32	550 000
Maputo Terminal ^{1,3}	738 339	809 216	(9)	1 200 000
Port of Maputo (tonnes)²	21 065 452	19 571 427	8	–
Liquid bulk (m³)	251 000	265 000	(5)	580 800
Durban	143 000	153 000	(7)	444 000
Cape Town	108 000	112 000	(4)	136 800
Maputo automotive (number of vehicles)	16 966	15 891	7	120 000

¹ Physical tonnage, excluding take-or-pay volumes.

² Includes volumes of Matola Coal Terminal.

³ Annual capacity is scalable to four million tonnes.

WAREHOUSE CAPACITY AND UTILISATION

	2019	2018	% change	Total capacity
Warehouse capacity				
Röhligr-Grindrod – warehouse (pallet locations)	30 770	30 770	–	
Intermodal – warehousing and mining minerals (m ²)	36 000	39 400	(9)	
Intermodal – container depots (TEU)	25 500	26 500	(4)	
OACL – warehouse (m ²)	112 394	116 201	(3)	

Dry-bulk terminal volumes ('000 tonnes)



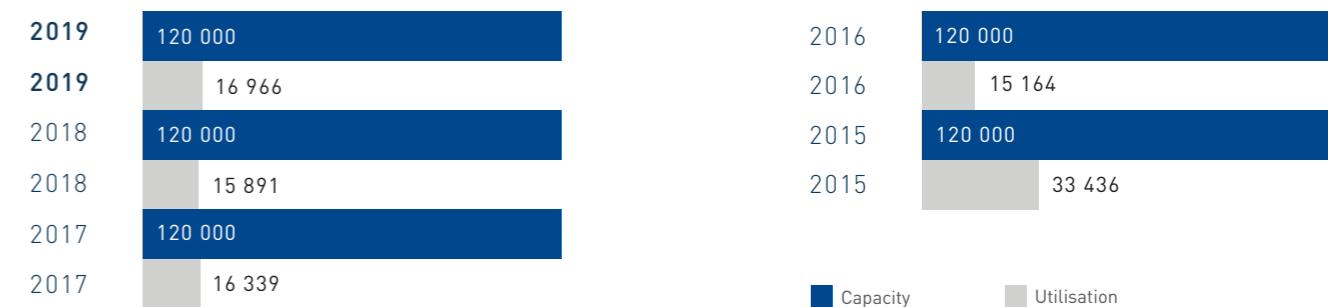
■ Capacity ■ Utilisation

Liquid bulk terminal volumes (M³)



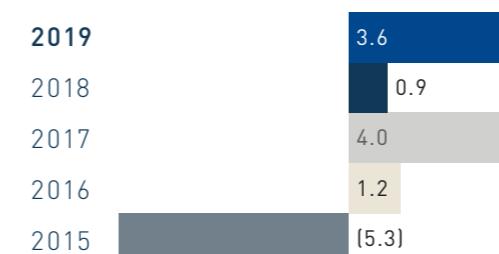
■ Capacity ■ Utilisation

Car terminal volumes (number of vehicles)



■ Capacity ■ Utilisation

Return on net assets (%)



OUR SKILLS (INTELLECTUAL CAPITAL)

The intangible assets that add value to the services and products that Grindrod offers and to its ability to achieve and exceed targeted operational and financial criteria. These assets comprise knowledge, skills and intellectual property that enable a well-governed business with innovative, customer-centric product offerings.

Grindrod manages its intellectual property throughout the spectrum. The informational resources it has built up over decades is central to its overall success and the niche capabilities that determine its competitive advantage. Performance outcomes prove the intellectual capacity in clusters of excellence.

These advantages of well managed intellectual property are protected by objectively determined incentives to reward individual contributions to the business where appropriate and ongoing training and skills development.

SKILLS DEVELOPMENT

Grindrod invested R11.8 million (2018: R9.2 million) in training and development, comprising formal training, professional development and on-the-job coaching, internally and through external service providers.

	2019	2018	% change
Training spend (Rm)	11.8	9.2	28.3
Average training spend per employee (Rand)	2 478	1 966	26.0
Training interventions attended (number)	1 904	1 576	20.8
Percentage of interventions attended by designated Group employees	90	97	(7.2)
Learners attending learnership programmes (number)	190	102	86.3
Percentage of learners from designated groups	99	93	6.5

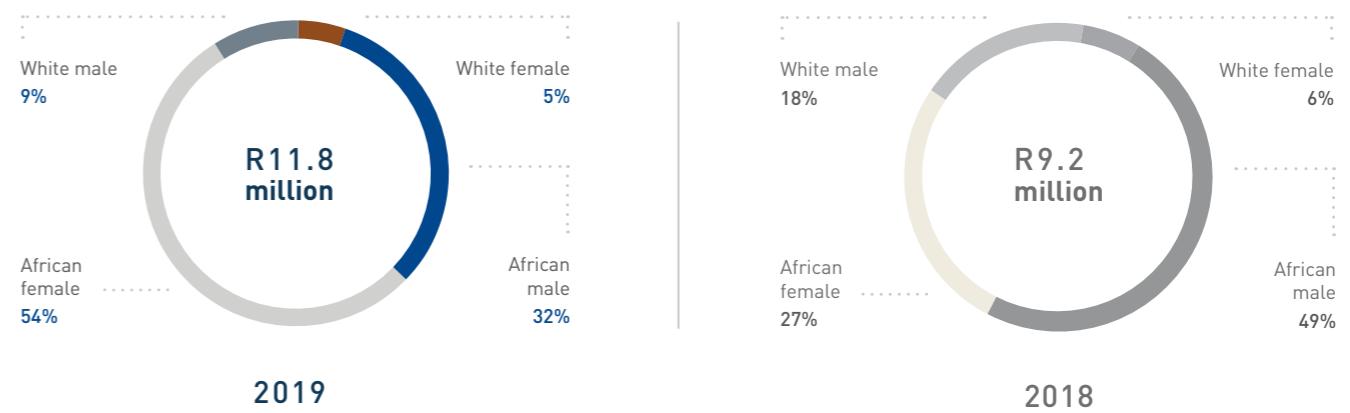
Human Resources manages skills-development initiatives that focus on people-centric issues to attract, retain and develop Grindrod's skill set by establishing and maintaining uniform policies, procedures, benchmarks and incentives. These include regulatory and business-enhancement measures such as employment equity compliance, the B-BBEE scorecard, job grading, performance management, remuneration and bonuses, succession planning and employee relations.

IT provides and protects the tools that enable the development and application of intellectual capacity. To this end, the discipline has been restructured into three streams to enhance its ability to deliver business-enabling solutions to Group and operations. The restructuring – into business applications, networks and architecture and risk and governance management – followed an extensive review of the IT function during the second half of 2019.

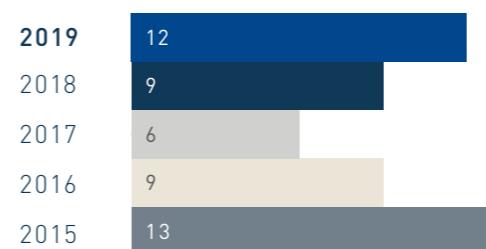
Business applications comprise the specialised SAP and SharePoint systems and operational applications to support business needs. Networks and architecture encompass customer services, the data centre, telephony, networks, desktop management and outsourced elements. Risk and governance management focuses on cyber, hardware and segregation-of-duty risks and on ensuring IT framework and audit compliance.

The review included recommendations to investigate specialised skills acquisitions and outsourcing to ensure that IT optimally delivers on its vision to be a valued business partner that supports operational priorities and the strategic objectives of Grindrod.

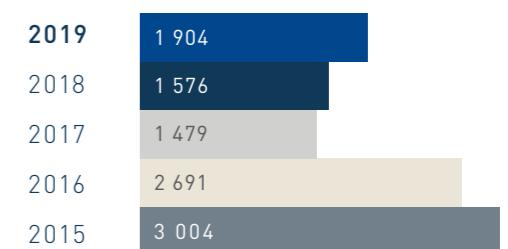
Training spend by demographic grouping (%)



Training spend (Rm)



Training interventions attended (number)



Resources review: our people continued

OUR PEOPLE (HUMAN CAPITAL)

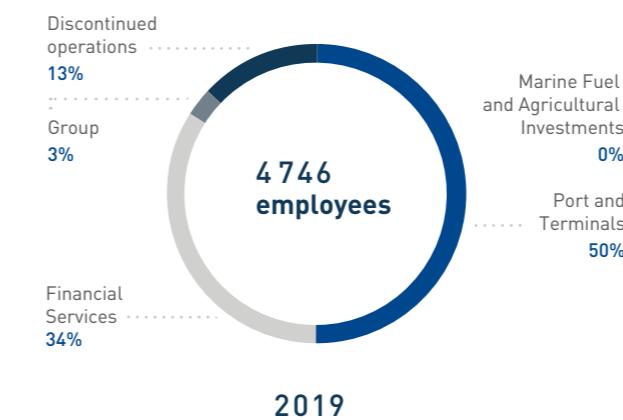
People give value to our business through their abilities, talents, skills, judgment, wisdom, creativity, experience and training. These resources feed the knowledge that is required to create and manage assets, goods and services to achieve personal and corporate goals. In a world in which knowledge plays an increasingly important role in success, Grindrod's commitment to its people is to foster human safety and well-being and optimise their input through investments in their training, education, appropriate working conditions and fair and equitable treatment and remuneration.

Human-capital management is based on, amongst others, the new ISO 45001 occupational health and safety management standard, the South African Bill of Rights, the UN Universal Declaration of Human Rights and the UN Global Compact Protect, Respect and Remedy Framework regarding human rights, labour standards, environment and anti-corruption.

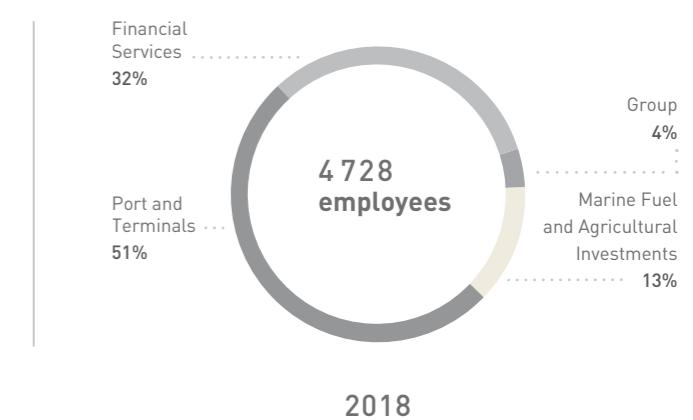
EMPLOYEE COMPLEMENT

Country	2019	2018	% change
South Africa	2 958	2 931	0.9
Rest of Africa	1 575	1 635	(3.7)
Asia	130	24	441.7
Middle East	17	65	(73.8)
Europe	19	24	(20.8)
North America	5	6	(16.7)
South America	13	14	(7.1)
Australia	29	29	-
Total	4 746	4 728	0.4

Employees by business area (%)



2019



2018

Employee turnover for 2019 was low at 5.5% (2018: 24.4%). The movements (expressed as a percentage of turnover) by division for 2019 were as follows:

	Division			Gender	
	Port and Terminals and Logistics	Bank	Total	Male	Female
Resignation	125	18	143	98	45
Death	8	-	8	6	2
Dismissal	67	-	67	63	4
End of contract	196	7	203	142	61
Retirement	14	-	14	12	2
Redundancy	63	3	66	45	21
Other	17	-	17	16	1
Turnover of employees (%)	4.9%	0.6%	5.5%	3.9%	1.6%

The attraction and retention of adequately skilled finance and IT staff remain a challenge.

Resources review: our people continued

SAFETY AND HEALTH

The safety and health of employees, contractors and visitors are of paramount importance at Grindrod and are managed with zero tolerance.

Divisional safety, health, environment, risk and quality (SHERQ) is managed by committees chaired by the CEOs of Grindrod and the Bank and reporting to the Social and Ethics committees. Businesses conduct monthly meetings with representation from management to shopfloor levels. The focus on safety is entrenched by the incorporation of safety as a KPI at management level.

Grindrod follows a holistic approach to managing the health and safety of its people.

Occupational health and safety management systems are maintained in accordance with the international standard ISO 45001. The physical health of the workforce is managed according to the mandatory occupational health certificate of fitness.

Supplementary initiatives include wellness days in partnership with medical schemes and a third-party employee assistance programme that gives employees and their immediate family access to confidential telephonic, on-line and personal support for a range of stressors, such as debt, substance abuse, depression, work-related issues and family problems. Safety and health initiatives include raising awareness of the need to fight gender-based intimidation and violence.

In terms of regulatory requirements, all health and safety incidents are reported, investigated and corrective actions implemented to minimise the possibility of reoccurrence. Perceived risks are managed proactively.

Sadly, one fatality was suffered at OACL when a contractor employee, Mr Michel Mzeluwana, was fatally injured while erecting a palisade fence. Grindrod engaged with the family, performed a thorough investigation, conducted retraining and reported the fatality to the South African Police Service.

Five non-reportable incidents occurred as a result of accidents on public roads. The incidents were reported to the relevant authorities and investigated internally and externally. Grindrod implemented measures to mitigate the risk of reoccurrence.

In the case of incidents related to Grindrod Logistics Mozambique (GLM), the focus on safety along the 500-km road corridor is discussed at daily production meetings at the Syrah Resources Balama Mine. Internally, an incident protocol has been established, trucks have been fitted with monitoring cameras and the road is frequently monitored for changes in conditions that might impact on safety. A community awareness campaign by Grindrod to sensitise communities close to the road to measures to reduce the risk posed by heavy vehicles has been intensified. The campaign targets community leaders and schools. Interaction with provincial and district authorities has been intensified to lobby more support for preventative safety measures. Similar intensified initiatives, including driver training, were implemented in the road transportation businesses to promote improvement in safety.

At Port and Terminals, the benchmark safety indicator at operational level, LTIFR, improved to 0.33 (2018: 0.53) incidents per 200 000 hours worked, which is below target of 0.50. At Logistics, LTIFR of 1.21 was adversely influenced by increased incidents in the newly acquired Novagroup. All other businesses in the Logistics division showed improvement in their LTIFRs when compared to 2018. Safety initiatives have been implemented to drive improvement in the Novagroup. Bank again reported zero incidents.

Key performance indicators	2019	2018	2017	2016	2015
Port and Terminals and Logistics					
Fatalities	1	1	2	-	2
SHERQ spend (R'000)	49 828	55 674	28 409	31 354	27 575
Medical treatment cases	21	31	55	68	128
Lost time incidents	44	28	39	42	58
LTIFR	0.88	0.62	0.86	0.65	0.67
Bank					
Fatalities	-	-	-	-	-
SHERQ spend (R'000)	25	11 537	-	12 000	24 099
Medical treatment cases	-	-	-	-	-
Lost time incidents	-	-	-	-	-
LTIFR	-	-	-	-	-

The improvement in statistics reflects a renewed focus on safety. A focused SHERQ workshop held in December 2019 and attended by SHERQ professionals from across the Group, culminated in key decisions and action plans. The SHERQ strategy for the Port and Terminals and Logistics divisions was reviewed and improved and the number of safety-dedicated employees at businesses in South Africa, Mozambique and Namibia was increased.

Improvements in the strategy centre around measures to ensure that practical, timely and measurable integration of SHERQ requirements into business procedures and processes are achieved, recorded and reported to leadership teams. The strategy also provides for the mitigation and management of environmental impacts caused by operations.

The changes are aimed at accelerating the maturity of the system to the end-goal of being pro-active and resilient. The main pillars in this process are strategic leadership, risk management, governance and SHERQ management systems, resources and skills.

Risk reporting and data capturing were further standardised across operations, following risk training incorporating the best practice provisions of King IV, ISO 31000 and COSO. Information is uploaded to a centralised system which generates analyses and reports indicating priority areas and caution prompts where required.

2019 saw a concerted drive to streamline SHERQ management across Grindrod. Steps to be implemented in 2020 centre around training and standardisation.

Training to be introduced includes improved legal and compliance training for executives, line managers and supervisors, ISO and legal compliance training for managers, risk-assessment training to all site staff and ongoing training to all users of Worktrainer, the web-based operational risk and compliance management application. Skills benchmarking for SHERQ positions will be introduced, as well as training for next-level responsibilities to prepare a succession pipeline.

Standardisation measures which are being implemented include uniform risk registers, reporting templates, policies and investigation procedures across businesses, while Group-wide certification or the use of one certification provided is being investigated.

Resources review: our people continued

PEOPLE DEVELOPMENT

Investments in human capital continued to achieve the HR vision of promoting excellence in people by delivering innovative HR initiatives, focus on maximising B-BBEE ratings on skills development, and driving transformation, skills development and learnerships, leadership development, talent tracking and retention and successor planning and mentorship.

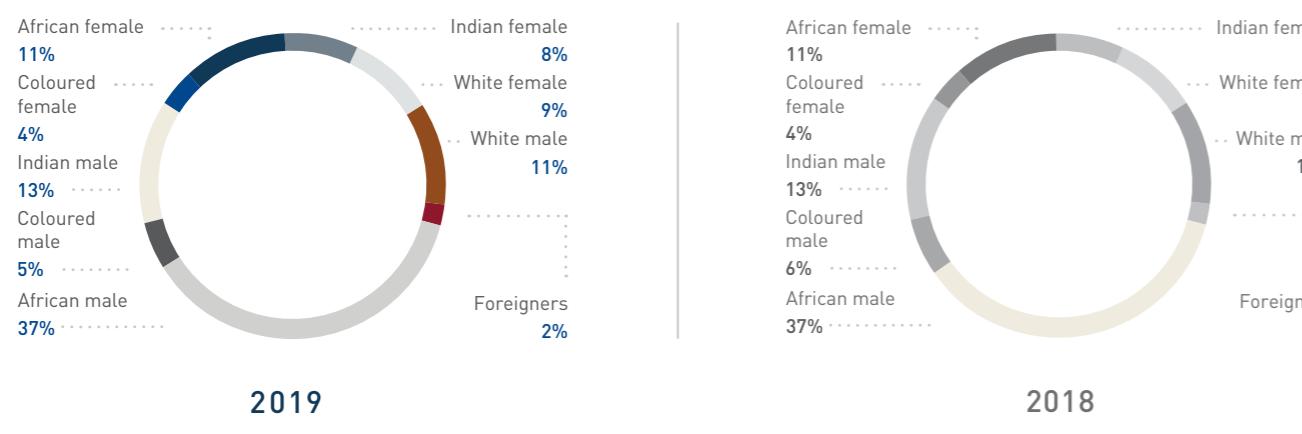
Development is managed at business level to optimise the outcome of business, transformation and B-BBEE targets through their recruitment practices, skills development, talent management, retention initiatives, performance management and employee relations, all of which are aligned with the divisional business strategy and employment equity targets.

B-BBEE initiatives facilitate the empowerment of historically disadvantaged South Africans through implementation of strategies targeting improvement of black business ownership – notably black-women ownership, skills development, preferential procurement practices, support of new and existing black businesses and socioeconomic development in surrounding communities. Targets are based on the Amended Generic Code as the industry continues to await the implementation of a new transport-sector code, now expected in 2020. On implementation of the new and more stringent transport-sector code, Grindrod targets a minimum Level 4 rating, from its current level 3 rating on the current code. The scorecard is available on the [Grindrod website](#).

Grindrod Bank adheres to the financial sector codes, with a Level 4 rating.

Transformation targets are based on the DTI and financial sector codes of good practice and aligned with the B-BBEE Act to target a workforce mix that reflects the demographics of the country. Grindrod and Grindrod Bank support this objective and have included transformation KPIs in the performance scorecards of executives. Both entities, however, favour recruitments and promotions based on merit rather than mere statistical compliance. Businesses are assisted by HR in their transformation initiatives and Grindrod continues to engage with the DOL on its transformation progress.

Demographic profile (%)



Skills development supports transformation and business goals and professional and personal advancement. During the year:

- 1 904 (2018: 1 576) employees underwent training interventions, of whom 90% (2018: 97%) were designated employees;
- 190 (2018: 102) candidates underwent learnership training; and
- 23 (2018: 11) students were enrolled on the Grindrod leadership development programme.

A youth-talent initiative to develop technical talent sourced 11 people for training, with a three-year commitment from Grindrod.

In an externally focused transformation outreach, Grindrod is sponsoring accredited learnerships for 40 unemployed youths with disabilities in partnership with ICan!, a division of PMI, a registered a private education institution. The sponsorship includes a monthly stipend to assist the students with travel and other costs. The students, 28 black and 12 coloured females, are attending 12-month learnerships in domestic services (15) and business practice (25). ICan! will assist successful candidates to find employment or complete another learnership.

Leadership development included enrolling nine employees on the senior management leadership programme of the University of Stellenbosch and 14 on the management development programme. The candidates were from various disciplines to foster synergies and understanding across the business and furthered gender diversity objectives.

Employment equity targets have been formalised for the short and medium term and are supported by transformation KPIs included in executives' performance scorecards.

HR guides reporting entities to meet the procedural requirements of managing transformation as stipulated by the Employment Equity Act and Grindrod engages with the Department of Labour on its transformation initiatives. Optimum indigenisation in the countries in which Grindrod operates is a priority. In the case of employees working on the recently acquired Syrah Resources contract, 100% was achieved.

	Occupational levels	Male		Female		Designated		White		Foreign nationals		2019 Total	2018 Total
		African	Coloured	African	Coloured	Indian	White	Male	Female	Male	Female		
2019													
Top management	1	-	3	-	-	-	1	5	4	9	-	-	14
Senior management	2	-	11	2	1	5	6	27	21	16	2	-	45
Middle management	15	14	43	6	5	40	37	160	165	56	-	1	217
Skilled	82	20	73	57	10	72	35	349	333	55	32	1	437
Semi-skilled	583	63	90	97	37	48	33	951	1 041	22	3	-	976
Least skilled	101	9	2	31	1	-	-	144	203	1	2	-	147
Total permanent	784	106	222	193	54	165	112	1 636	1 767	159	39	2	1 836
Temporary/contract	118	6	19	76	11	9	10	249	27	7	14	-	270
Grand total	902	112	241	269	65	174	122	1 885		166	53	2	2 106
Percentage (%)	42.8	5.3	11.4	12.8	3.1	8.3	5.8	89.5		7.9	2.5	0.1	100.0
2018 total	878	92	233	245	55	161	130		1 794	182	42	3	2 021
Percentage (%)	43.4	4.6	11.5	12.1	2.7	8.0	6.4		88.7	9.1	2.1	0.1	100.0

* Note that 2 106 employees are managed through Grindrod South Africa.

OUR RELATIONSHIPS (SOCIAL AND RELATIONSHIP CAPITAL)

Determines the social value Grindrod builds with its stakeholders through interaction. Transparent, pro-active, two-way engagement forms the foundation for the creation of mutually rewarding benefits for the stakeholder groupings that rely and thrive on the sustainability of the business.

INVESTORS

- Funders of the business**
6 948 ordinary and 1 862 preference shareholders as at 27 December 2019.
- Business partners**
Stakeholders, including 22 joint ventures, which have a vested interest in the success of the business through integrated services and complementary infrastructural assets.
- Decision-makers**
The wider investment community, analysts, financial press, management and insurers.

Objectives

To share strategic, financial and operational news; to foster understanding of the business and its goals, successes and challenges, to optimise mutual business commitment, to negotiate and manage integrated services and to drive optimum value creation from complementary infrastructure assets.

OUR PEOPLE

- Employees**
4 746 employees on four continents who drive the success of the business and shared in R1 404 million of the wealth distributed.
- Trade unions and bargaining councils**
12 unions (to which 33% of employees belong) and three councils (15% of employees) in South Africa, Namibia, Botswana and Mozambique that help ensure the well-being of our employees.
- Contractors**
270 contractors assisting business operations on a continuous or ad-hoc basis.
- Communities**
Residents in communities adjacent to our areas of operation.

Objectives

To ensure the well-being of and foster mutual understanding of employee and community expectations, interests, aspirations and frustrations, thereby working towards the optimisation of professional and personal development of employees and an understanding of mutual advantages in a sustainable business/ community interaction.

BUSINESS ENABLERS

- Customers**
More than 6 000 customers within integrated supply chains, generating revenue earnings of R3.873 billion (2018: R3.467 billion) for Grindrod in 2019.
- Suppliers**
More than 2 300 suppliers in the procurement chain.

Objectives

To engage through the full spectrum of communication channels to ensure that Grindrod strategies and operations remain aligned to customer requirements and expectations and that procurement management and improvements are transparent, with relationships continually assessed within ISO 9001 quality criteria.

LEGISLATIVE AND GOVERNANCE BODIES AND CIVIL SOCIETY

- Government departments and regulatory bodies**
National and local government departments and regulatory bodies across 24 countries. In South Africa, these include the SARB, FSCA, JSE and PA.
- Business associations**
Business associations that further the objectives of sound governance and sustainability, including the National Business Initiative (NBI), the Institute of Directors of southern Africa (IoDSA) and the South African Institute of Chartered Accountants (SAICA).
- Non-government organisations**
Non-government organisations that target societal sustainability, such as Adopt-a-School, the Wildlife and Environment Society of South Africa (WESSA), Wildlands Trust, the SA SME Fund and the Domino Foundation.

Objectives

To ensure a mutual understanding of compliances and compliance targeting through meetings, reports and written communications to promote and maintain sustainable and mutual value-add.

An example of intense, successful engagement in 2019 was the repatriation of 24 locomotives from Sierra Leone in July following the customer defaulting on the lease contract in 2018. Negotiations started in March 2019 following the termination of the lease contract. Grindrod staff engaged in a three-month negotiation process, ranging from ministerial and senior government to supplier meetings to prepare for and coordinate the massive move. The logistics of the move to Freetown over a 200-km route comprising tarred and gravel roads, started with hiring a 25-tonne crane to lift the locomotives off the bogeys and load them on suitable flatbeds. At the port, the locomotives were reassembled and loaded on a chartered vessel.



Resources review: our relationships continued

The investors grouping is engaged through operational site visits, financial results presentation and announcements, press releases, statutory notices issued in terms of the JSE Listings Requirements and documentation on the Grindrod and Grindrod Bank websites. In 2019, stakeholders were invited to visit Grindrod operations in Maputo and Durban.

Staff communication includes continuous engagement, from start to end of employment, on business performance and career and personal growth, CEO and executive briefings, roadshows, meetings with employee groups, newsletters, newsflashes, posters, the intranet and social media platforms such as LinkedIn and Facebook. During 2019, executive messaging focused on entrenching understanding of the Group strategy following feedback from the MDP and SMDP candidates. Communication will be streamlined in 2020 through engagement with staff on their expectations and requirements.

SOCIAL INVESTMENT

Grindrod's social investments favour education and environmental projects. Total contributions amounted to R2.85 million (2018: R4.5 million), with Adopt-a-School (R950 000), the Cyril Ramaphosa Education Trust (CRET) (R500 000) and the Wildlands Conservation Trust Blue Fund (R1.4 million) being the biggest beneficiaries.

Adopt-a-School sponsorship included:

- supplementary classes in mathematics and physical science at Ndukwenhle Secondary School and Inhlakanipho High School, and
- provision of computers at Hlahlindlela, as well as a bootcamp and training a desktop-support technician.

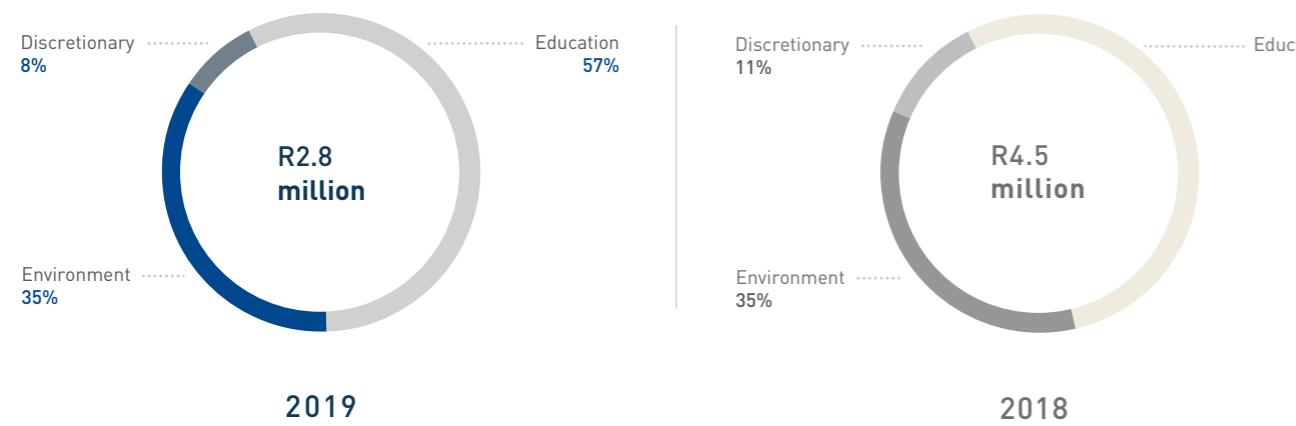
Since partnering with Adopt-a-School in 2010, Grindrod has contributed R3.9 million to fund infrastructure, and teacher and learner interventions, and involved staff with interactions to motivate and mentor students.

The CRET is the channel through which Grindrod sponsors university students. The trust also provides leadership training, personal empowerment camps and a mentoring programme to support and empower bursary recipients. The trust celebrated good growth, with 106 students on the programme at the beginning of the year (2018: 104), the highest number since inception.

Grindrod has to date funded comprehensive bursaries to 11 students, covering tuition, accommodation, books, stationery and a monthly stipend. Six of the students have graduated with their first qualification and five are in their final year of post-graduation studies. One student is practising as a medical doctor and another is completing her articles at an audit firm. Other qualifications achieved include degrees in accounting, medical sciences, environmental sciences and geography and national diplomas in taxation.

Since its first contribution to the trust in 2014, Grindrod has contributed R2.8 million to tertiary bursaries.

Social responsibility spend (%)



The main beneficiary of Grindrod Bank's social investment is the Blue Fund, developed through a partnership between the bank and the Wildlands Trust, which aims to provide funding and support for vital conservation work along the South African coastline. Wildlands Trust is a non-profit, public-welfare NGO dedicated to creating a sustainable future by developing programmes that target environmental sustainability and human well-being, to improve the livelihoods of underprivileged communities and restore the ecosystems that support them.

Blue Fund Custodians of Coastline projects include:

- Providing financial and administrative support to WESSA in achieving Blue Flag Status for Pennington, Blythedale and Mtunzini beaches. Blue Flag is a prestigious, voluntary eco-label for beaches, marinas and boats which is recognised as a trusted symbol of quality and regarded by the World Tourism Organisation as the most well-known eco-label globally.
- Supporting the WESSA Ntsubane Living Forest Project in forest conservation and livelihood support. The elements include forest rehabilitation and protection and detailed work with the local crafters to ensure sustainable harvesting and efficient use of resources.
- Helping the Dyer Island Conservation Trust to build the African Penguin and Seabird Sanctuary, a dedicated rehabilitation centre for distressed seabirds in the Overstrand region.
- A R300 000 donation to the southern African Foundation for the Conservation of Coastal Birds (SANCCOB), allowing the centre to purchase an X-ray machine and improve its operational efficiency.
- Supporting Ezemvelo and a group of honorary officers by sponsoring a new boardwalk ensuring that the Beachwood Nature Reserve remains an effective and safe place for the public.
- The **WILD**OCEANS Whaletime project to promote sustainable and ethical whale tourism along the east coast of South Africa, bringing science, conservation, tourism and community together around iconic humpback whale species.
- The Ocean Stewards programme, which has been running for the past five years to provide catalytic marine science, management and industry exposure to a new generation of science students to promote the emergence of ocean stewards that are equipped and inspired to ensure effective future governance and protection of the oceans.

Since entering into a partnership with the Wildlands Trust in 2012, Grindrod has contributed R7.56 million to the Blue Fund.

Grindrod staff is encouraged to participate in CSI projects, and many volunteered for a wide range of CSI initiatives as outlined in the operational review: social responsibility section on pages 98 to 103. Grindrod is investigating the formalisation of an involvement policy which will include free-day allocations for project work.

OUR ENVIRONMENT (NATURAL CAPITAL)

Represents the natural assets which, combined in ecosystems, make human life and economic activity possible. Grindrod strives to minimise and mitigate the effects of its operations on the water, soil, air, geology and all forms of life which create these ecosystems.

Grindrod's focus on environmental preservation is guided by international best practice and encapsulated in its Vision 2020, a policy implemented in 2012 to achieve measurable environmental goals in excess of legislative requirements by 2020. Environmental management is based on ISO 14001 criteria with established and integrated safety, health, environmental and quality management systems which are subject to regular audit.

TARGET

Vision 2020 contains specific emission-related objectives, based on the international GHG Protocol which provides accounting and reporting standards for the management of GHG emissions. These objectives focus on the use of non-renewable fossil fuels in Freight Services and Shipping, which collectively accounted for approximately 78% Grindrod carbon footprint before the Shipping spin-off in 2018.

The values reported in the table below measure Grindrod's performance based on a year-on-year reduction target of 1% per year and have been adjusted to factor out the effects of the Shipping spin-out and restructuring.

Target	Base year figure according to 2015	2015 figure	2019 figure	Percent change against 2015 value	Percentage against base year value
				[10]	383
Reduce normalised overall Group emissions CO ₂ e per Rand revenue by 10% (gCO ₂ e per Rand revenue)	9.8	52.46	47.32	[10]	383
Reduce land-based GHG emissions per km by an average (across the transport fleet) by 10% (kg CO ₂ per km)	1.4	1.06	1.14	7	[19]
Reduce normalised land-based Scope 2 electricity consumption in machinery and buildings on property owned and operated by Grindrod usage by 20% (kWh per Full Time Equivalent)	3 736	2 706	3 668	36	[2]

All statistics and reports on environmental activities are compiled in line with requirements of the GHG Protocol, King IV, the TCFD and other benchmarks to achieve meaningful integrated reporting for natural capital. Grindrod is assisted in the calculation of GHG emissions and other environmental data by Promethium Carbon in an effort to ensure accurate and transparent reporting on Grindrod's environmental activities and Grindrod's internal audit function performs limited assurance on selected sustainability performance indicators as presented in this integrated annual report.

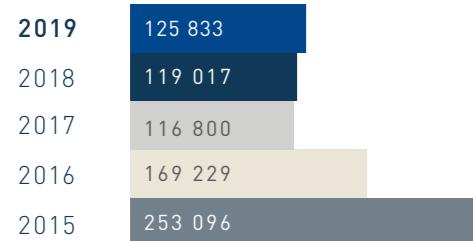
KEY PERFORMANCE INDICATORS

Key performance indicator	2019	2018	2017	2016	2015
Scope 1 and 2 GHG emissions (tonnes CO ₂ e)	142 899	134 427	132 354	183 361	271 361
Total GHG emissions including scope 3 (tonnes CO ₂ e)	181 437	169 611	140 236	190 777	289 190
SOx emitted (tonnes)	18	16	16	16	21
NOx emitted (tonnes)	689	619	613	614	788
Electricity efficiency (kWh/FTE)	3 668	3 536	3 515	3 197	2 706
Total water usage (kl)	112 904	150 254	97 002	132 140	264 653
Total solid and liquid waste generated (tonnes)	7 332	9 441	12 650	7 366	3 559

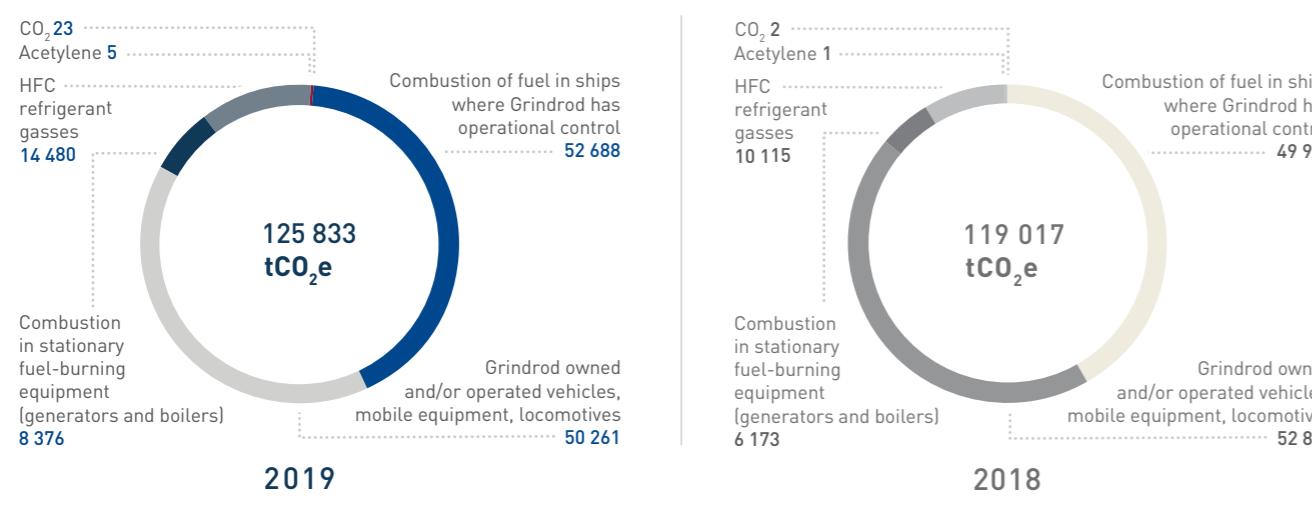
More detailed information on the key indicators is available on the [Grindrod website](#).

Resources review: our environment continued

Grindrod Scope 1 emissions footprint (tonnes CO₂e) over five years



Grindrod Scope 1 footprint (tonnes CO₂e) per activity



CARBON DISCLOSURE

Grindrod continued its submissions to the voluntary Carbon Disclosure Project (CDP). The CDP rates participants according to a five-level scale (A to E) on their level of effectiveness in addressing climate risk and identifying opportunities for mitigation. Grindrod received a C-rating compared to the B-rating in 2018 following the application of more stringent CDP requirements.

The CDP incorporated the recommendations of the TCFD in 2019. The recommendations relate to four TCFD pillars and Grindrod supplied the additional information required regarding its climate-change leadership, governance practices, risk management and metrics and targets. Ultimately, the complete implementation of the recommendations will require a paradigm shift, but Grindrod has already started the process with the adoption of processes and procedures across all four pillars.

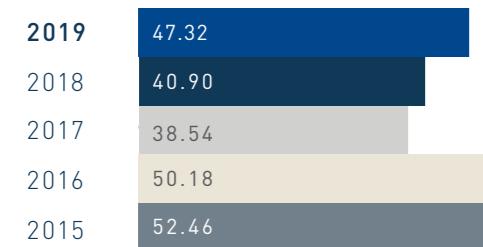
LAND-BASED ENVIRONMENTAL IMPACTS

Minimising land-based environmental impacts remains a central focus area. Operations strive to achieve zero material pollution of terrestrial ecosystems through the implementation of rigorous management systems that ensure a prioritised approach to environmental risk management, ongoing training and awareness and environmental audits.

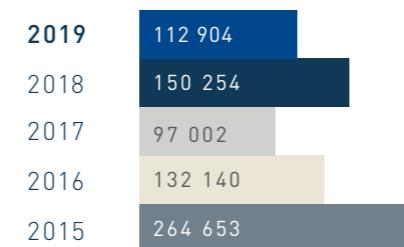
Businesses manage materials with caution. Hazardous materials and waste are stored, used, managed and transported according to procedure and under controlled conditions, with consideration given to containment of potential spills and contaminated run-off. Terminals throughout Grindrod have implemented an integrated approach to monitor environmental impacts on a centralised system that reports on water, electricity and fuel consumption in a comparable per-tonne format. Work is underway to implement this integrated approach mutatis mutandis in the other Logistics businesses.

Resources review: our environment continued

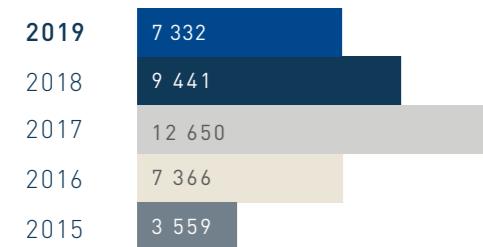
GHG emissions intensity (tCO₂e per R million revenue)



Water usage (kl)



Total solid and liquid waste generated (tonnes)



GOVERNANCE REVIEW



- 144** Directorate and Executive committee
- 150** Corporate governance report
- 164** Report of the Social and Ethics committee
- 168** Report of the Risk committee
- 170** Report of the Investment committee
- 172** Report of the Nomination committee
- 176** Report of the Remuneration committee
- 192** Report of the Audit committee
- 196** Limited assurance report on certain non-financial information

DIRECTORATE AND EXECUTIVE COMMITTEE



Mike Hankinson 70
Non-executive Chairman

BCOM, CA(SA)

Appointed 15 December 2009
Mike was appointed as Chairman of Grindrod Limited in 2014 after serving as a non-executive director since 2009. During 2017 Mike assumed the position of executive Chairman as an interim arrangement to manage stakeholder value-creation in terms of Grindrod's revised restructuring strategy. He resumed his position as non-executive Chairman on 22 November 2018.

He is the current chairman of the Spar Group Limited and is a former non-executive director of numerous listed and unlisted companies, and former CEO of Romatex Limited and Dunlop Tyres International Proprietary Limited.

MIC, CNC, MRC, MSE, MRI



Andrew Waller 57
Executive director and CEO

CA(SA)

Appointed 1 March 2011
Andrew joined Grindrod Limited in 2011 as Financial Director, after working at Deloitte and Touche in Scotland and South Africa for 15 years. He was appointed as CEO on 1 September 2018 and serves as a director on the Boards of various local and international Grindrod Limited subsidiaries. He serves as a non-executive director of the Spar Group Limited.

CEC, CIC, MSE, MRI



Nkululeko Sowazi 56
Lead independent non-executive director

MA (UCLA)

Appointed 25 February 2014
Chairman of KTH, a leading SA investment holding company, Tiso Investment Holdings and Synchem Group Limited, a chemicals holding company. Nkululeko is a director of MTN Group Limited, Vanguard Group Limited (Ghana), Tiso Blackstar Group SE (UK) and IQ Business Holdings.

AD-HOC MIC, MNC, MRC, MRI

Committees key

- MAC** Member of the Audit committee
MNC Member of the Nomination committee
MSE Member of the Social and Ethics committee
CNC Chairman of the Risk committee
CEC Chairman of the Executive committee



Mkhusele Faku 53
Independent non-executive director

BA (LAW – RHODES UNIVERSITY); MAP (WITS BUSINESS SCHOOL); OPM (HARVARD BUSINESS SCHOOL)

Appointed 15 December 2009
Group executive chairman and founder of Calulo Investments Proprietary Limited. Mkhusele serves on the Boards of Oiltanking Grindrod Calulo (OTGC), Röhligr-Grindrod, Skytanking, Skytanking Calulo and Calulo Renewable Energy Group. He also serves as governor of the Board of Rhodes University.

CAC



Grant Gelink 70
Independent non-executive director

BCOMPT (HONS); BCOM (HONS); CA(SA); HDIP EDUCATION; DIP PUBLIC ADMINISTRATION

Appointed 1 January 2013
Non-executive director of Altron Limited, MTN Zhakele Limited and First Rand Limited. Grant has had extensive work experience with Deloitte & Touche which spans over 26 years and he served as chief executive from 2006 until his retirement from the firm in 2012.

CAC

Directorate and Executive committee continued



Walter Grindrod 53

Non-executive director

Appointed 22 August 2019

Walter joined Grindrod in 1990 and worked across numerous divisions, covering services offered by Grindrod in warehousing and container services, road transportation, marine tally, ships agency and Unicorn coastal service.

He was executive director for Grindrod International Freight, which later became Röhlig-Grindrod, from 1999 to 2007.

He was appointed head of business development for Grindrod in 2007.

Walter left Grindrod in 2017 after 27 years' service and was appointed as a consultant to Grindrod Limited in 2018. He is a director of companies and a trustee of various charitable trusts.

CSE, MIC



Zola Malinga 42

Independent non-executive director

CA(SA)

**Appointed 24 October 2016
(resigned 1 January 2020)**

Co-founder and executive director of Jade Capital Partners.

Zola has experience in corporate finance, investments and debt and equity finance at the real estate division of Standard Bank, Investec Bank and the Liberty Group.

She serves as a member of the audit committee and board of Grindrod Bank Limited.

She also serves as non-executive director and a member of the audit committee of Sappi Limited.

MAC, MSE



Xolani Mbambo 45

Executive director and CFO

CA(SA)

Appointed 1 September 2018

Xolani joined Grindrod Limited in 2013 as CFO for Freight Services and was appointed in his current position on 1 September 2018.

He serves on the Boards of various local and international Grindrod subsidiaries.

Prior to joining Grindrod, Xolani worked at Anglo American for 12 years in various finance roles in South Africa, Botswana and London.

MEC, MRI



Raymond Ndlovu 53

Independent non-executive director

B BUSINESS STUDIES (HONS)

**Appointed 27 May 2016
(resigned 1 January 2020)**

Raymond has 28 years' experience in various fields in the financial services industry.

In 2013 Raymond joined Invenfin, the venture investment division of Remgro as an investment executive, before being reassigned as a member of the Remgro Management Committee in July 2015.

He was appointed as the new CEO of Community Investment Ventures Holdings Proprietary Limited and will lead the company's newly-announced executive team.

MAC, CSE



David Polkinghorne 55

Executive director

BCOM; MA (OXON)

Appointed 22 November 2006

Managing director of Grindrod Bank Limited and director of companies and trustee of various charitable trusts and foundations. Chairman of the Grindrod Pension and Grindrod Provident Funds.

David has been involved in the financial services sector for more than 25 years. He has had exposure to all areas of corporate and investment banking and, in particular, has extensive experience in commercial property finance, private equity and corporate finance.

MEC, MRI



Pieter Uys 57

Independent non-executive director

MSC; MBA

Appointed 30 August 2013

Director of major local and international companies and also serves on the Remgro Management Committee. Pieter is a former CEO of Vodacom Limited.

MIC, MNC, CRC, CRI

Directorate and Executive committee continued

DIRECTORS APPOINTED AFTER 31 DECEMBER 2019



Ben Magara 52
Independent non-executive director

BSC MINING ENGINEERING (HONS)

Appointed 30 January 2020

Founder and chairman of Africa Mining and Metals Group and former executive of Anglo American and CEO of Lonmin Plc, with extensive executive experience in the mining industry.

MRI



Willem van Wyk 41
Independent non-executive alternate director

CA(SA); BACC; (HONS); BCOM (HONS)(TAXATION)

Appointed 30 January 2020

Corporate finance manager at Remgro, with experience in tax, due diligence and valuations, across a wide range of industries.

MAC



Zimkhitha Zatu 36
Independent non-executive director

BCOM, HDIP ACCOUNTANCY, MSC CORPORATE FINANCE, CA(SA)

Appointed 30 January 2020

CEO and shareholder of Mathupha Capital and co-founder of ZAAM Investments. Non-executive director of Sun International Limited and SAFCOL SOC Limited and board member of various trusts and organisations.

MAC, MSE

BOARD PROFILE – AS AT 31 DECEMBER 2019

	Independent non-executive directors	Non-executive directors	Executive directors	Board and Executive committee
By race group and gender				
African female	9.09%	–	–	9.09%
African male	27.28%	–	9.09%	36.37%
Coloured male	–	–	–	–
Indian male	9.09%	–	–	9.09%
White male	9.09%	18.18%	18.18%	45.45%
By age group				
30 to 50 years old	9.09%	–	9.09%	18.18%
>50 years old	45.46%	18.18%	18.18%	81.72%

Board tenure

	Independent non-executive directors	Non-executive directors	Executive directors	Total
0 – 3 years	–	9.09%	9.09%	18.18%
4 – 9 years	45.46%	–	9.09%	54.55%
More than 9 years	9.09%	9.09%	9.09%	27.27%

ATTENDANCE AT MEETINGS

	Board A/B	Executive committee ¹ A/B	Social and Ethics committee ¹ A/B	Audit committee A/B	Risk committee A/B	Investment committee A/B	Nomination committee A/B	Remuneration committee A/B	Reason for non-attendance
MR Faku	3/ 4								Travelling
G Gelink	3/ 4			2/ 2		1/ 1 ⁴			Travelling
WJ Grindrod ²	1/ 1					3/ 3 ⁴			
MJ Hankinson	4/ 4	1/ 1 ⁴	2/ 2	2/ 2 ⁴	2/ 2	4/ 4	2/ 2	2/ 2	
Z Malinga	4/ 4		2/ 2	2/ 2			1/ 1 ⁴		
XF Mbambo	4/ 4	5/ 5	2/ 2 ⁴	2/ 2 ⁴	2/ 2	4/ 4 ⁴			
RSM Ndlovu ⁵	3/ 4		2/ 2	2/ 2			1/ 1 ⁴		Travelling
DA Polkinghorne	4/ 4	5/ 5			2/ 2				
NL Sowazi ⁶	4/ 4				2/ 2	2/ 2 ⁴	2/ 2	2/ 2	
PJ Uys	4/ 4			2/ 2 ⁴	2/ 2	4/ 4	2/ 2	2/ 2	
AG Waller	4/ 4	5/ 5	2/ 2 ⁴	2/ 2 ⁴	2/ 2	4/ 4	2/ 2 ⁴	2/ 2 ⁴	
SDM Zungu ³	3/ 3								

^A indicates the number of meetings which the director attended.

^B indicates the number of meetings which the director could have attended.

¹ Includes four scheduled and one unscheduled divisional executive meetings and four Group SHERQ management committee meetings.

² Appointed as non-executive director on 22 August 2019.

³ Resigned as independent non-executive director on 23 August 2019.

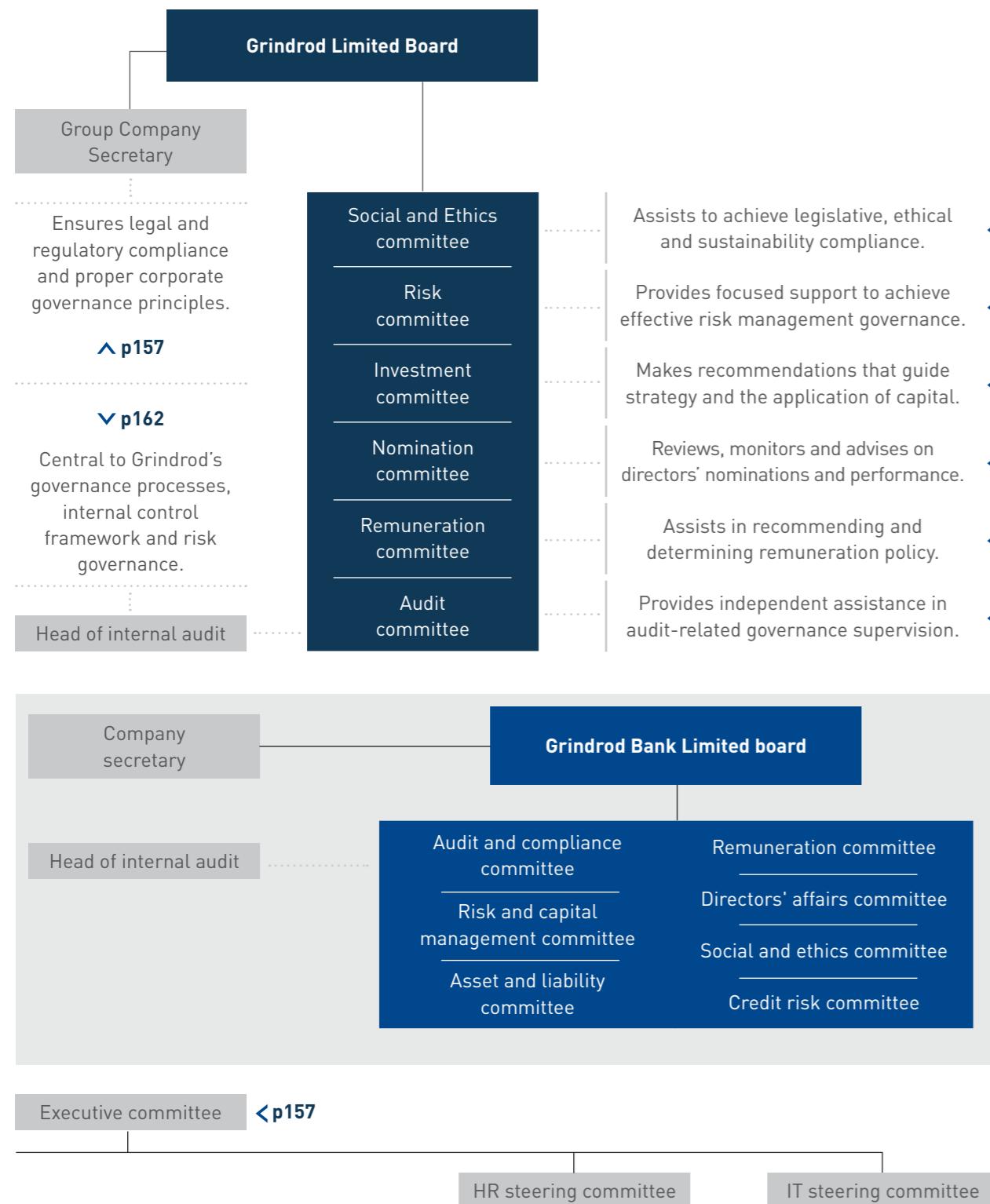
⁴ By invitation.

⁵ Alternate director.

⁶ Lead independent non-executive director.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE



A sound corporate governance framework commits Grindrod to high standards of business ethics. The framework guides the Board, as the guardian of responsible corporate governance, in the formulation and implementation of the Grindrod strategy to achieve targeted performance and create sustainable value to the benefit of all stakeholders. The framework comprises appropriate policies, procedures and power of execution to ensure that governance objectives are properly implemented, managed, reviewed and adjusted. This ensures responsible corporate citizenship through regulatory and best practice adherence, effective and ethical leadership and sustainable value creation.

The governance framework is aligned to Grindrod's six core values of transparency, respect, integrity, professionalism, fairness and accountability. These values are encapsulated in four focus areas Grindrod regards as core considerations in its drive to achieve business and social sustainability, namely health and safety, people, the environment and communities.

Grindrod Bank maintains a governance framework that ensures compliance with legislative and regulatory requirements related to the financial services sector.

KING IV

The Grindrod governance framework is aligned to the principles-based King IV, to achieve four governance outcomes, these being ethical culture, good performance, effective control and legitimacy.

Grindrod's ability to meet all the application requirements of King IV is guided by an established governance practice-improvement framework.

Ethical culture

Principle 1: The governing body should lead ethically and effectively.

The Board, supported by the Social and Ethics committee, is responsible for cultivating an ethical and effective environment based on a blend of tangible considerations as more fully set out in principles 2 through 16 of King IV set out on pages 152 to 162, including policies, procedures and structures, and intangible considerations, including culture and values. Operating with integrity, maintaining appropriate levels of competence, assuming responsibility for the strategic direction and performance of Grindrod and being accountable, fair and transparent underpin this responsibility.

The Grindrod Memorandum of Incorporation (MOI) and the Board Charter form the basis for directing the Board. Control is exercised through Grindrod's King IV-aligned governance framework, which includes a system of assurances on internal controls and detailed reporting to the Board and its committees.

The Board Charter sets out the practices and processes the Board has adopted through which to discharge its mandate and responsibilities. The charter provides for a clear division of responsibilities at Board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Grindrod MOI, the Board Charter and the Terms of Reference of all Board and statutory committees are available on the [Company's website](#).

Each member of the Board has a fiduciary duty to act in the best interests of Grindrod. In discharging such duty, the Board ensures that Grindrod performs in the best interests of its stakeholders, which include shareholders, clients, partners, employees, regulators and the societies within which Grindrod operates. Board members are required to act with due care and skill in all dealings and to uphold the ethics and values of Grindrod.

Matters reserved for Board decision-making and delegated authority in terms of the Limits of Authority are reviewed annually, based on recommendations made by the Executive committee and Board sub-committees where appropriate.

Corporate governance report continued

Directors are not permitted to deal directly or indirectly in the shares of Grindrod during:

- any closed period, being from the end of the interim and annual reporting periods to the announcement of the interim and annual results; or
- any prohibited period as defined in the JSE Listings Requirements, of which none were declared by Grindrod during the year.

No share purchase or share sale transactions were concluded by directors during 2019.

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

The Board is responsible for the governance of ethics and the approval of stakeholder-inclusive codes of conduct and ethics policies. The responsibility for implementation and execution of these codes and policies is delegated to management. The Group Company Secretary is the custodian of governance and the Grindrod ethics officer.

The principles of ethical leadership, management and behaviour to which Grindrod subscribes, are set out in the Grindrod Code of Ethics and other relevant policies. The code, which outlines the principles for ethical conduct based on Grindrod's six core values, is available on the [Grindrod website](#).

The code is designed to raise ethical awareness, guide day-to-day decision-making and provide assurance on the integrity of the Group companies to external stakeholders.

All employees are required to adhere to the code, which is communicated during employee induction. All South African staff annually acknowledge their adherence to the Code of Ethics and related governance policies. In addition they declare conflicts of interest and gifts given and received that, in terms of the approved gifts policy, exceed R5 000.

In 2019 ethical behaviour was promoted through a focused fraud training and awareness campaign facilitated by the internal audit and secretarial functions. Unethical behaviour can be reported to the Grindrod ethics officer.

In 2019 no instances (2018: one instance) were reported to the ethics officer.

Grindrod (South Africa) Proprietary Limited and subsidiaries and operating divisions obtained certification from TRACE International Inc., a leading global anti-bribery standards-setting organisation for the fourth consecutive year. SGM was TRACE certified for the fifth consecutive year. The certification is internationally recognised and used widely in tender and other relevant processes. TRACE certification for Grindrod Mauritius, initiated in 2019 and completed in April 2020, concluded the TRACE certification process for most onshore and offshore businesses.

Grindrod operates an independent, toll-free fraud-reporting hotline through Deloitte & Touche, which provides an impartial and confidential facility for all stakeholders to anonymously report any fraud-related matter. In 2019, 14 incidents (2018: 15 incidents) were reported through this hotline. All reported incidents are investigated and listed in a register, although confidentiality is always guaranteed.

Incidents of corruption at management level are investigated internally and, if deemed appropriate, referred to disciplinary proceedings or to law enforcement agencies.

Compliance with the Code of Ethics is also monitored through internal audits to assess the adequacy and effectiveness of the internal control environment, which includes risks related to fraud and corruption. The Executive committee and Social and Ethics committee are provided with statistics of non-compliance to the code.

Principle 3: The governing body should ensure the organisation is, and is seen to be, a responsible corporate citizen.

The objective of responsible corporate citizenship is underpinned by various policies, procedures and review mechanisms in the corporate governance framework.

Execution and oversight are achieved through various Board sub-committees, corporate and divisional management and internal and external assurance providers, with the Social and Ethics committee being the primary sub-committee of the Board responsible for monitoring and reviewing Grindrod's standing and promotion of good corporate citizenship. Further detail on the arrangements for governing and managing responsible corporate citizenship, key areas of focus in 2019 and measures taken to monitor corporate citizenship are outlined in the report of the Social and Ethics committee on pages 165 and 166.

At their meetings, the Board and Board sub-committees, as relevant to their respective Terms of Reference, review and monitor Grindrod's performance against measures and targets related to human capital and economic, social and environmental areas.

Performance and value creation

Principle 4: The governing body should appreciate that the organisation's core purpose, risk and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value-creation process.

Grindrod's vision of creating sustainable returns and long-term value for stakeholders through unlocking trade corridors and delivering sustainable customer solutions is targeted and achieved against the norms, values and processes detailed in the governance framework.

The framework, which accounts for the interdependent relationships between Grindrod and its key stakeholders as well as society and the natural environment in which Grindrod operates, includes policies, procedures and structures that support an integrated approach toward the economic, social and environmental factors that affect Grindrod's ability to create value.

The Board, supported by the Investment committee, is responsible for the approval and monitoring of Grindrod's strategy within the context of the risks, opportunities and other significant economic, societal and environmental matters. The strategy is continually reviewed based on external influences, with due cognisance of the outcomes of key stakeholder engagement processes.

The responsibility for formulating and implementing the strategy, policies and operational plans and the implementation thereof is delegated to management. Appropriate policies and operational plans are developed by management to facilitate strategy implementation, with key performance measures and targets being established to provide a basis for the continuous monitoring of progress toward achievement of the set strategic objectives.

The Group's strategy is mapped by the Executive committee for review by the Investment committee and, based on the recommendation of the committee, subsequent approval by the Board. The Group business plan for the ensuing year, inclusive of the annual budget, is finalised following the review of the strategy by the Board at its meeting held each year in November.

Corporate governance report continued

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

The Grindrod integrated annual report, approved by the Board on the recommendations of the Executive and Audit committees, aims to provide stakeholders with a balanced assessment of Grindrod's ability to create and sustain value to ensure its short-, medium- and long-term viability.

Disclosure in the integrated report is guided by the material economic, environmental and social issues which the directors believe have the potential to substantially impact Grindrod's ability to create and sustain value for its stakeholders. The report is compiled applying the principles contained in the JSE Listings Requirements, IFRS and the Companies Act. It is also compiled in accordance with the concepts, guiding principles and content elements contained in the International Integrated Reporting (IIR) Framework issued by the IIRC, the indicator assessments used as a basis for the FTSE/JSE Responsible Investment Index and the Sustainability Reporting Standards of the GRI. The report aims to provide a complete and balanced review of Grindrod's economic, social and environmental performance.

Assurance on sustainability performance indicator disclosure is provided by Grindrod's internal audit function. Promethium Carbon assisted Grindrod in the calculation of the greenhouse gas emissions and other sustainability data. This corporate governance report, on pages 150 to 162, is reviewed and confirmed by the Social and Ethics committee and recommended for inclusion in the integrated annual report.

Effective control

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Board is ultimately responsible for providing strategic guidance and for approving the Grindrod strategy and reviewing its implementation to achieve targeted performance and create sustainable value within a comprehensive framework which has been designed to ensure responsible corporate governance.

The roles, responsibilities, membership requirements and procedural conduct of the Board and its sub-committees are documented in the Board Charter and sub-committee Terms of Reference which are available on the Grindrod website (www.grindrod.co.za). Board sub-committees are authorised to investigate any activity within their respective mandates and interact with employees and obtain external professional advice in matters relevant to their mandate, when required.

An internal assessment of adherence to the Board Charter was completed in March 2020. Based on this assessment, the Board was satisfied that it had fulfilled its responsibilities in accordance with its charter.

Attendance of members at meetings of the Board and its committees during the year is listed on page 149 of this integrated annual report.

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Board members are appointed through a formal process, assisted by the Nomination committee, to identify and review suitable candidates for election by the shareholders.

Board appointments are based on the Grindrod leadership skills, knowledge, experience and expertise required to advance the strategic direction of Grindrod, with broader diversity, considering culture, age, gender and race being considered. The promotion of gender equality is guided by the approved gender diversity policy and gender equality framework.

Directors who join the Board during the course of a year are required to have their appointments confirmed by shareholders at the following Annual General Meeting. Walter Grindrod was appointed as a non-executive director to the Board during 2019.

Following the resignations of Raymond Ndlovu and Zola Malinga on 1 January 2020, Ben Magara and Zimkhitha Zatu were appointed as independent non-executive directors on 30 January 2020. Willem van Wyk was appointed as an independent non-executive director, alternate to Pieter Uys, on the same date.

In the Board's assessment, all directors have the relevant knowledge, skills and experience to make a meaningful contribution to and ensure the effective leadership of Grindrod.

Board composition

At its meeting held in March 2020, the Nomination committee evaluated the composition of the Board and its committees against their core functions as per their respective mandates. The evaluation assessed skills and experience based on the responsibilities of the Board and its sub-committees pertaining to the business of the two divisions and governance-specific criteria.

The evaluation included a review of members' gender, age group, race, board tenure, qualifications and skills, and took cognisance of Board diversity and a wider range of perspectives to improve governance, decision-making and performance.

Based on its evaluation, the Nomination committee was satisfied with the composition of the Board and its committees.

At 31 December 2019 the Board comprised 11 directors, of whom three are executive directors. Details of the directors as at 31 December 2019 are provided on pages 144 to 147.

Rotation

One third of Grindrod's non-executive directors are, in terms of the MOI, required to retire by rotation at the Annual General Meeting. Retiring directors may offer themselves for reappointment by the shareholders.

The suitability of the directors retiring by rotation was assessed by the Nomination committee in March 2020, and the Board resolved to put these directors to shareholders for re-election based on the recommendation of the committee.

The Nomination committee also evaluated the suitability of the proposed members of the Audit committee. Based on the recommendation of the committee, the Board proposed the appointments of Grant Gelink, Willem van Wyk and Zimkhitha Zatu as members to the Audit committee.

Professional development

Members appointed to the Board are inducted and the Group Company Secretary provides guidance to Board on governance, compliance and fiduciary responsibilities and sustainability. Following their appointment to the Board the Group Company Secretary conducted formal induction for Walter Grindrod, Ben Magara, Willem van Wyk and Zimkhitha Zatu.

Independence

At its meeting held in March 2020, the Nomination committee evaluated the independence of all serving Board members on a substance-over-form basis, in accordance with the nine indicators included in King IV and tenure in excess of nine years.

Following the early retirement of the CEO on 31 July 2017, the Board appointed Mike Hankinson as the executive Chairman to oversee the implementation of the revised business strategy. Mike continued in this role to 22 November 2018.

Corporate governance report continued

With due consideration of the period that the Chairman spent in an executive capacity, the Nomination committee resolved that Mike Hankinson was not deemed independent. Given Walter Grindrod's position as a representative of a major beneficial shareholder and facilitation with strategic and operational issues on an ad-hoc basis at Grindrod's request, the Nomination committee resolved that Walter Grindrod was not deemed independent.

Following its assessment, all non-executive directors, with the exception of the Chairman and Walter Grindrod as noted above, were deemed independent and the Board, on the recommendation of the Nomination committee, passed a resolution confirming the independence of the remaining non-executive directors serving at its meeting held in March 2020.

Directors' declarations

Members of the Board are required to declare all directly and indirectly held financial, economic and other interests and any conflict of interest in respect of matters on the Board agenda. Declarations are provided to the Group Company Secretary bi-annually. Declarations on specific transactions are also minuted at Board meetings.

Chairman

In August 2019 the Board, in accordance with the requirements of the MOI, King IV and the JSE Listings Requirements, reconfirmed the appointment of Mike Hankinson as the Chairman and Nkululeko Sowazi as Lead Independent Director. The Board Charter sets out the way in which the powers of the Chairman and the Lead Independent Director are executed.

In terms of the Board Charter, non-executive directors are required to retire by no later than the age of 70 years or such later date as the Board may determine. Being cognisant of Mike Hankinson having reached the age of 70 years, the Nomination committee gave consideration to succession planning for the appointment of a new chairman in 2020.

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.

The Board is assisted in its responsibility to manage the Company and identify, oversee and manage economic, environmental and social risk and opportunities by management, executives and the Board sub-committees, being the Audit, Investment, Nomination, Remuneration, Risk and Social and Ethics committees.

The Terms of Reference of all Board committees are available on the [Grindrod website](#). The roles, composition and key activities of the Board sub-committees are outlined in the respective sub-committee reports included in this integrated annual report.

The Grindrod Limits of Authority, in terms of which the Board and management may act and bind Grindrod, outline matters reserved for Board decision-making and the delegation of authority to management in specified matters. These are reviewed annually and amended, based on recommendations made by the Executive committee.

Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.

In March 2020 the Board and its committees undertook a detailed formal internal self-evaluation based on the governance outcomes outlined in King IV, being an ethical culture, good performance, effective control and legitimacy. The four outcomes were evaluated according to between eight and 14 criteria each, with questionnaires compiled by the Group Company Secretary based on an evaluation tool.

Board members also evaluated the performance and effectiveness of the Chairman in a questionnaire detailing 15 tasks that summarise his role, as well as the performance of all Board sub-committees.

The Nomination committee was, based on its evaluation, satisfied with the Board composition, levels of governance, the skills, experience and qualifications of the members and the performance of the Chairman. The Board accepted the evaluation of the committee.

Principle 10: The governing body should ensure that the appointment of and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities.

The Board is responsible for appointing the CEO, an executive director whose role is separate from that of the Chairman, and the Financial Director.

The Executive committee assists the CEO in managing the business at an operational level. The scope of authority and responsibilities of the Executive committee are defined in the Executive committee Terms of Reference, approved during 2013 and reviewed annually.

The Executive committee Terms of Reference make provision for the annual evaluation of its members against KPIs contained in their respective performance scorecards. The evaluation is undertaken by the CEO and reviewed by the Remuneration committee.

CEO

The CEO, supported by the Executive committee, is responsible for the formulation and implementation of strategies and policies, day-to-day operational management, the establishment of best-management practices, functional standards, risk management and internal control systems, good governance, legal compliance, stakeholder engagement, the appointment and evaluation of senior management and for guiding management and its teams in the implementation of business' strategies, within the parameters of the Board-approved delegation of authority framework.

Financial Director

The Financial Director is responsible for the financial management of the Group, all aspects of Grindrod's financial strategy, due and proper preparation of financial statements as per IFRS requirements, due and proper financial reporting and providing financial leadership through financial planning and organisationally aligned strategies.

The Audit committee considered the expertise and experience of Xolani Mbambo, the Group Financial Director, and deemed it appropriate. The committee is also satisfied that the expertise, resources and experience of the finance function are appropriate to support the Grindrod business.

Group Company Secretary

The Group Company Secretary ensures corporate governance and legal compliance and adherence to the JSE Listings Requirements and to proper corporate governance principles. She is not a director of the Board.

She is, as a basis for the submission of the annual compliance certificate submitted to the JSE, responsible for an annual detailed JSE Listings Requirements compliance audit. No material breaches of the JSE Listings Requirements were identified in 2019.

The Group Company Secretary is, based on the approved annual work plans, responsible for preparing meeting agendas with supporting documents and information in advance and in consultation with the Chairman of the Board or sub-committee, monitoring the execution of decisions and for recording minutes and resolutions.

She provides material, accurate, concise and relevant information to the Board in a timely manner to enable the Board to take informed decisions and to monitor the progress and performance of management against the approved business strategy and to ensure accurate external disclosure including this integrated report.

The Group Company Secretary, as the custodian of governance, also fulfils the function of the Group ethics officer, is responsible for governance structures appropriate to sustainability reporting, and serves as the principal officer of the major Grindrod pension and provident funds.

Corporate governance report continued

The Board considered the interactions between the Group Company Secretary and the Board during the past year, and is satisfied that there is an arms-length relationship between the Board and the Group Company Secretary.

Based on a formal assessment, which included review of the Group Company Secretary's qualifications, experience and demonstration of competence in execution of her functions, the Board is of the opinion that Cathie Lewis, the Group Company Secretary, possesses the requisite competence, qualifications and experience and has confirmed that she is suitably qualified, competent and experienced to hold the position of Group Company Secretary.

She is an admitted attorney and conveyancer with 24 years legal experience and holds the following degrees: BLC, BProc, BA, LLB, LLM (Law of Contract), LLM (Corporate Law) and a Master of Studies in Sustainability Leadership. The academic and professional qualifications of the Group Company Secretary were externally verified prior to her appointment.

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board, supported by the Risk committee, is ultimately responsible for governing risk management processes in accordance with corporate governance requirements to support the setting and achieving of strategic objectives. More information on Grindrod's identified material risks and industry risks are included on pages 51 to 77.

Risk governance

The Board, supported by the Risk committee, sets the direction for how risk should be approached and addressed in Grindrod. The Group's executive management encourages a risk-conscious business culture by embedding agreed internal controls and mitigating actions through all levels of management and supervisory staff.

The Risk committee reviews the Group's risk appetite and tolerance levels relative to specific risks and risk management policy and processes and recommends the approval of the Group risk management plan for the ensuing year by the Board.

Enhanced oversight is provided through the assignment of specific risks to relevant Board sub-committees, as more fully set out on page 55. Further to the inputs of its sub-committees, the Board monitors, reviews and assesses all aspects related to the appropriate management of economic, social and environmental risk and opportunity at each quarterly Board meeting. Pervasive risks are also identified and reported on for review by the Risk committee.

Appropriate risk management measures, which include accountability for risk management as a key performance area of line managers, exist throughout the Group to counter significant business risks which could undermine the achievement of business objectives. Policies and guidelines on risk management and control support management in discharging its risk responsibilities.

The effectiveness of risk management efforts is assessed by internal and external assurance providers in terms of the Group's combined assurance model.

Risk management framework

The Grindrod risk management framework incorporates an assessment of the impact of identified risks and opportunities on the six capitals of value creation, first outlined in the IIRC's Integrated Reporting Framework and incorporated in King IV, and takes cognisance of industry risks and the future global risks and opportunities outlined in Grindrod's Global Change Sensitivity Model.

An independent review of the risk governance framework, undertaken in 2019, confirmed substantial compliance with the ISO 31000:2008 standard, King IV and the Committee of Sponsoring Organisations Enterprise Risk Management framework (COSO). The review included focused training sessions with 82 staff members across Grindrod's operations to further enhance awareness and understanding of the risk management process.

The risk management framework was also reviewed and approved by the Risk committee in 2019.

Executive and operational management is responsible for the continuous identification, assessment, mitigation and management of risks in conjunction with the evaluation of opportunities within their areas of operation.

The framework provides for the review of identified high-level strategic and external risks and accounts for new and emerging opportunities and risks and is supported by continuously updated operational risk registers. The effectiveness of this framework is reviewed by internal audit.

Risk management process

Risk management processes are designed to identify, quantify, prioritise, respond to and monitor the consequences of both internal and external risks and their associated opportunities. The processes also promote the ownership of risk areas and risk management accountability within the Group.

The potential impacts of identified risks are evaluated together with probability in terms of the likelihood of occurrence. Areas include strategy execution, market and financial risks, stakeholder engagement, legislative and regulatory compliance and reputation, cyber and the risk of harm to people and environment. The evaluations of the impact and probability establish the basis for determining the inherent risks and their significance to the business. Residual risk is determined based on the risk-mitigation plans developed and implemented by management.

The internal audit charter provides for an internal audit plan that is aligned with the risk framework.

The Board, supported by the Risk committee, reviews the effectiveness of both the processes and procedures adopted by management for identifying, assessing and reporting on significant business risks on a Group-wide and divisional level, and the roles of assurance providers with respect to risk management.

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

The Board, supported by the Audit committee, is responsible for information technology (IT) governance and the strategic alignment of IT with the performance and sustainability objectives of Grindrod.

IT governance is based on best practice principles, providing for the alignment of the IT strategy with that of Grindrod. Additionally, best practice frameworks have been adopted, including PMBOK and Prince II. A continually refined three-year IT governance roadmap, initially developed in 2015, provides for IT strategy, governance and policies and legal and other compliance as key focus areas. The roadmap was aligned with the principles of King IV.

An IT governance charter has been developed and is managed through the Group IT steering committee reporting to the Grindrod Executive committee. The charter ensures that the IT function is focused on the strategic leadership and alignment of IT activities, prioritised IT investment initiatives, internal engagement to promote collaborative IT planning and the promotion of IT effectiveness to capitalise on economies of scale across the Group.

The Group IT steering committee, responsible for the implementation of business-focused IT strategies, comprises the chief information officer, divisional CFOs and IT managers, and ad-hoc members who are experts in particular business processes or technologies. The committee met three times in 2019 (2018: three times) to drive the implementation of fit-for-purpose IT infrastructure and software.

Decision-making structures are defined and a reporting framework is in place. Based on bi-annual reporting, the Audit committee reviews and evaluates audit assessments of IT-related controls performed by the internal and external auditors, together with the appropriateness of actions taken by management to address key issues identified.

Corporate governance report continued

An independent review of the IT governance framework, undertaken in 2019, identified areas for improvement in the alignment of the IT strategy with the strategy of Grindrod, IT operational performance, IT hardware and software solutions, supplier performance management, business continuity and disaster recovery, IT security protocols and compliance. The review included an analysis of the key risks pertaining to IT and outlined a medium-term strategy to drive improvement in IT governance.

Principle 13: The governing body 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 is responsible for the governance of compliance with applicable laws and adopted non-binding rules, codes and standards. The implementation and execution of compliance management is delegated to management.

The Board resolved that Grindrod complies with the JSE Listings Requirements and all significant requirements incorporated in relevant legislation, regulations, international codes and best practices in all countries in which it operates.

Given the nature of its operations, the Bank ensures compliance through the various committees established as outlined on page 150.

In 2019, the formalised legal compliance universe was extended to, in addition to the South African operations, include business operations based in Mozambique, Botswana, Namibia and Zimbabwe. Actions in the 2019 legal compliance audit plan included a prioritisation of legislation using a risk-based approach. The plan was implemented and the annual legal compliance audit plan for 2020, inclusive of key identified actions, was developed. These plans are based on the legal and regulatory risk universe matrix, which, in turn, is based on the Compliance Institute South Africa Generally Accepted Compliance Practice (GACP) framework.

These, together with the legal compliance policy, aim to entrench legal and regulatory compliance across the Group. Divisional legal registers and training and awareness further promote a culture of compliance.

Compliance with applicable laws and consideration of non-binding rules, codes and standards is reviewed by the Social and Ethics committee bi-annually and by the Audit committee as it applies to its mandate.

Grindrod supports the objectives of economic empowerment in compliance with the requirements of the Broad-Based Black Economic Empowerment (B-BBEE) Act No. 46 of 2013, as amended, the B-BBEE Regulations 2016 and the JSE Listings Requirements.

A framework to ensure employment equity compliance across all Group companies, established in consultation with the Department of Labour (DOL), provides the basis for constructive engagement and collaboration with the DOL on the substantive implementation of EE plans and tracking of progress against set targets. A B-BBEE compliance report is available on the [Grindrod website](#).

Grindrod aims to comply fully, in a timely, accurate and professional manner, with the tax laws and regulations of the countries in which it operates, to fulfil its tax obligations by contributing fairly to the fiscus of the various jurisdictions in which it operates. Its moral and legal responsibilities are guided by a tax-governance framework that deals with tax compliance and tax risk across all jurisdictions and is incorporated into the corporate governance framework of the Board. Grindrod seeks to achieve clarity, certainty and transparency in its tax affairs, thereby ensuring that tax planning is built on a sound commercial business activity. The Board, assisted by the Audit committee, monitors and reviews implementation of the Group tax compliance and tax risk policy in order to identify improvement opportunities in a tax-efficient manner through pro-active collaboration with all Group companies.

In the first half of 2019, Grindrod became aware of allegations of unethical conduct in Cockett Marine, which prompted Grindrod to process impairments of \$35 million associated with a third-party negotiator and, in terms of IFRS, the carrying value of the Cockett Group joint-venture investment. As a result, Grindrod has elevated the rating of corruption to a top risk for the first time. Attorneys were appointed to review and enhance the Grindrod Compliance Program, in terms of which they reviewed all policies and procedures related to fraud, bribery and corruption to ensure the robustness of the Grindrod Compliance Program and Anti-corruption processes. Grindrod is in the process of updating its policies, procedures and processes following the recommendations from the attorneys which revolved around mitigating identified compliance risks and ensuring that the Group is compliant with global compliance requirements. Grindrod is pleased that Cockett Marine's negotiations with the authorities regarding the allegations have been resolved and is confident that controls at the subsidiary have been enhanced to prevent a recurrence of unethical conduct.

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

The Grindrod remuneration policy and implementation thereof is set out in the remuneration report on pages 176 to 191.

Principle 15: The governing body 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 the organisation's external reports.

The directors are ultimately responsible for Grindrod's system of internal control, which is designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. It has been designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The internal control systems and governance structures are subject to independent review by internal audit and external assurance providers.

Combined assurance

A combined assurance model aims to optimise assurance coverage by management and internal and external assurance providers. Collectively, they provide the Board with assurances on the effectiveness of controls that mitigate the risks identified during risk assessments. The model, aligned with the principles and supporting practices of King IV, was developed by identifying risks, control measures and assurance providers.

The audit of risks is assigned to appropriate assurance providers, who monitor the effectiveness of the action plans developed and implemented by management to mitigate the risks.

This model gives the Board the assurance, through the Audit and Risk committees, that all significant risks and associated opportunities are adequately managed.

Further detail on the combined assurance model and the roles and responsibilities of Board sub-committees in overseeing the risk management framework is included on pages 54 and 55 of the integrated annual report.

A financial reporting risk framework further enhances associated risk management processes and internal controls.

Corporate governance report continued

Internal audit

Grindrod's internal audit function, which covers the Group's operations, is central to Grindrod's governance processes, internal control framework and risk governance.

All internal audit activities are performed in compliance with International Internal Audit Practice and the methodology and standards required by the South African Institute of Internal Auditors.

Scope restrictions and the effectiveness of the internal audit function are monitored and reviewed by the Audit committee, as is the internal audit manager's appointment and performance. The internal audit manager reports functionally to the Audit committee and administratively to the Financial Director and has unrestricted access to the chairman and members of the Audit committee.

The Audit committee approves the internal audit charter, internal audit plan and the budget of internal audit to ensure it operates independently of management.

The internal audit charter outlines the role of the internal audit function. The function reviews significant business, strategic and control risks to assist management to develop and embed internal financial control frameworks, to identify financial reporting risks and ensure the adequacy of controls to address the risk of material misstatements of financial results and to provide the Audit committee with an assessment on the level of assurance that can be placed on governance and control across Grindrod.

The annual audit plan is based on an assessment of identified internal and external risk areas. The annual audit plan is amended to ensure it remains responsive to changes in the business. A comprehensive report on material internal audit findings and matters of significance is submitted to the Audit committee bi-annually.

Trust, good reputation and legitimacy

Principle 16: The governing body should, in the execution of its governance role and responsibilities, 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 supports stakeholder engagement and communication strategies that facilitate transparent and reciprocal communication and engagement.

The Group maintains continual engagement with its identified key stakeholder groups to promote the achievement of business objectives and support economically, socially and environmentally sustainable business practices.



REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The Social and Ethics committee is a statutory committee of the Board that assists the Board in adhering to the Companies Act and Regulations. The committee also provides a basis for a more structured and focused approach to social, environmental and ethical issues relevant to Grindrod.

The committee functions within formally approved [Terms of Reference](#), approved by the Board in 2013 and reviewed annually, and an approved detailed annual work plan.

ROLE OF THE COMMITTEE

The role of the Social and Ethics committee is to monitor the activities of Grindrod and its subsidiaries, within a framework of legislative compliance and prevailing codes of best practice. The committee monitors and reviews Grindrod's standing and promotion of good corporate citizenship, which includes ensuring that:

- organisational ethics promotes embedding integrity, competence, responsibility, accountability, fairness and transparency;
- sustainable development promotes stakeholder value creation in the short, medium and long term;
- stakeholder engagement is constructive, interactive and in support of business objectives;
- employee health and workplace safety are pro-actively managed to achieve workforce well-being;
- the impacts of Grindrod's operations on the environment are managed to minimise and mitigate negative outcomes;
- human capital is managed to improve people's ability to achieve their objectives;
- transformation and B-BBEE objectives are met in a constructive manner to establish a culture that reflects and supports all facets of the environments within which the businesses operate;
- businesses comply with relevant laws, regulations and codes;
- Grindrod's corporate governance report is reviewed and approved for inclusion in the annual integrated report; and
- the principles of sound corporate governance are adhered to. These include adherence to Grindrod values, upholding human rights, working within an ethical framework, discharging its responsibilities towards communities in which it operates and reporting business, operational and other outcomes in a sustainable manner.

The committee is supported by the executives and authorised by the Board to investigate any activity within the scope of its Terms of Reference, interact with employees and obtain external professional advice in conducting its business.

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises the chairman, two independent non-executive directors and one executive director. During the year under review, members serving on the committee included Raymond Ndlovu (chairperson, appointed 27 May 2016), Mike Hankinson (appointed 28 February 2012), Zola Malinga (appointed 17 August 2017) and Andrew Waller (appointed 16 November 2011).

More details of these members are given on pages 144, 146 and 147.

Following the resignations of Raymond Ndlovu and Zola Malinga on 1 January 2020, Walter Grindrod was, following due assessment of his competencies, experience and skills required, appointed to the committee on 30 January 2020. He was appointed as committee chairperson at a special committee meeting held on 2 March 2020. Zimkhitha Zatu was appointed as member on 3 March 2020.

The Group Company Secretary serves as secretary to the committee.

Committee members meet at scheduled meetings twice a year and unscheduled meetings when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2019.

Attendance of committee members at the meetings of the committee during the year is listed on page 149 of this integrated annual report.

Fees paid to the committee members are reflected on page 183 in the remuneration report and the proposed fees for 2020 are detailed on page 232.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Social and Ethics committee based on its annual work plan for 2019 included:

- monitoring and reviewing Grindrod's sustainability performance in line with the Grindrod sustainability pillars, the UN Global Compact Ten Principles and applicable risk identification and mitigation measures;
- monitoring and reviewing Grindrod's sustainability performance measured against the six UN Sustainable Development Goals – SDG4: quality education, SDG5: gender equality, SDG6: clean water and sanitation, SDG8: decent work and economic growth, SDG9: industry, innovation and infrastructure and SDG13: climate action – as adopted as part of Grindrod's sustainability strategy;
- monitoring and reviewing of Grindrod's human capital management strategies and performance, including HR strategies, systems and policy, employee relations, skills development and retention, performance management and Grindrod's status in terms of safety and health and employee wellness;
- monitoring and reviewing of Grindrod's B-BBEE strategies and performance including the Grindrod B-BBEE scorecard;
- monitoring and reviewing of Grindrod's action plans to set and achieve transformation objectives and employment equity strategies and performance including engagement with key stakeholders;
- approving the gender equality framework;
- reviewing the requirements of Guideline 1 of 2018 issued by the Companies and Intellectual Property Commission (CIPC);
- reviewing performance in the areas of corporate social investment and socioeconomic development;
- legal compliance and good corporate governance, including ethics;
- an integrated approach to stakeholder engagement;
- reviewing the role ascribed to the Social and Ethics committee as outlined in King IV;
- evaluating the performance of the Social and Ethics committee;
- reviewing the committee's report for inclusion in the 2019 integrated annual report; and
- approving the annual work plan for 2020.

Report of the Social and Ethics committee continued

A special meeting of the committee was held on 2 March 2020 to:

- approve the 2025 climate change and environment policy;
- approving the risk assessment report compiled by ENS Attorneys relating to fraud, bribery and corruption for subsequent approval by the Board; and
- review management actions to address the compliance gaps in key control structures based on the risk assessment report compiled by ENS Attorneys and ensure compliance with the requirements of Guideline 1 of 2018 issued by the CIPC.

STATEMENT

The Social and Ethics committee confirms that, during the year under review, it has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act. The committee further confirms that, other than the unethical conduct in Cockett Marine as disclosed on page 161 of this integrated annual report, there are no other instances of material non-compliance to disclose.

On behalf of the Social and Ethics committee



Walter Grindrod
Chairman

24 April 2020



REPORT OF THE RISK COMMITTEE

ROLE AND KEY FUNCTIONS

The Risk committee is a committee of the Board that provides focused support to the Board with respect to its risk-governance responsibility. The committee functions in terms of defined [Terms of Reference](#), approved by the Board in 2015 and reviewed annually, and an approved detailed annual work plan.

The committee reviews, monitors, advises on and makes recommendations regarding the effective management of the opportunities and risks associated with the strategic direction of Grindrod and the potential positive and negative effects of these risks on the attainment of Grindrod's objectives. It also monitors and reviews the development and implementation of appropriate policy, plans and systems to ensure business performance within defined risk appetite and tolerance limits, with due consideration of relevant legislation and any legal requirements or prevailing codes of best practice.

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises the chairman, three independent non-executive directors and three executive directors. During the year under review, directors serving on the committee included Pieter Uys (chairperson), Mike Hankinson, Xolani Mbambo, David Polkinghorne, Nkululeko Sowazi and Andrew Waller. On 3 March 2020 Ben Magara was appointed to the committee. More details of these directors are given on pages 144 to 148.

The committee's Terms of Reference make provision for scheduled meetings twice a year and unscheduled meetings when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2019.

Attendance of committee members at the meetings of the committee in the year is listed on page 149 of this integrated annual report.

Fees paid to the committee members are reflected on page 183 in the remuneration report and the proposed fees for 2020 are detailed on page 232.

The Group Company Secretary serves as secretary to the committee.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Risk committee based on its annual work plan for 2019 included:

- review of the risk management framework and policy and approval of the risk appetite and risk tolerance limits for Grindrod;
- review and assessment of the top Group and divisional risks and opportunities associated with the environment in which Grindrod operates and the capitals used and effected by the operations and the evaluation of the appropriateness of the mitigation strategies implemented;
- approval of the global risks and opportunities for mapping against Grindrod's operational divisions as outlined in the Grindrod Global Change Sensitivity Model;
- review the report of the Audit committee on the effectiveness of the process for identifying, assessing and reporting on significant internal financial control, fraud and IT risks as related to financial reporting;
- review of internal audit assessment on the integrity and effectiveness of the risk management process;
- review of the adequacy and completeness of insurance cover in place and associated claims history;
- evaluation of the performance of the Risk committee;
- review of the Risk committee report for inclusion in the 2019 integrated annual report; and
- approval of its annual work plan for 2020.

FUTURE FOCUS

Following confirmation from the JSE of amendments to the JSE Listings Requirements as published pursuant to Board Notice 180 of 2019, Grindrod identified the material risks specific to the industry in which Grindrod operates. These risks, included on pages 52 and 53 of the integrated report, were reviewed by the Board at its meeting in March 2020. The industry risks have now been included in the Risk committee's mandate.

The committee's review and assessment of risks and opportunities will be expanded to include the collective review and assessment of the top Group and divisional risks and opportunities associated with the environment in which Grindrod operates, the risks specific to the industry in which Grindrod operates and the global risks and opportunities as outlined in the Grindrod Global Change Sensitivity Model.

RISK MANAGEMENT PROCESS

Following its assessment, the Risk committee is of the opinion that Grindrod's risk management processes are effective in identifying, assessing and addressing the material factors that may impact Grindrod in the development and implementation of its strategies. More information on Grindrod's material identified risks is included on pages 51 to 77. Application of principle 11 of King IV is included on pages 158 and 159 of the governance report.

On behalf of the Risk committee



Pieter Uys
Chairman

24 April 2020

REPORT OF THE INVESTMENT COMMITTEE

ROLE AND KEY FUNCTIONS

The Investment committee is a committee of the Board that makes recommendations on the strategic direction of Grindrod. In addition to guiding management on strategy formulation, the committee reviews and advises on capital and other strategic applications in terms of Grindrod's Limits of Authority for recommendation to the Board.

The committee functions in terms of defined [Terms of Reference](#), approved by the Board in 2016 and reviewed annually, and an approved detailed annual work plan.

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises four members, the Board Chairman, the CEO, a non-executive director, Walter Grindrod, and an independent non-executive director, Pieter Uys. More details of these directors are given on pages 144 and 147.

Standing members are appointed by the Board from amongst the directors of Grindrod. Ad-hoc members are co-opted by the chairman of the committee for each separate meeting, based on capital and other applications and strategic deliberations to be considered.

Meetings are scheduled on the recommendation of the committee chairman as and when required as per the Terms of Reference. Four committee meetings were held in 2019, with attendance at these meetings as follows:

Name	Capacity	Meeting dates			
		18 Feb 2019	15 Apr 2019	15 Aug 2019	18 Nov 2019
AG Waller	Committee chairman	●	●	●	●
WJ Grindrod ¹	Committee member	●		●	●
MJ Hankinson	Committee member	●	●	●	●
PJ Uys	Committee member	●	●	●	●
G Gelink	Ad-hoc member		●		
Z Malinga	Ad-hoc member		●		
XF Mbambo	Standing invitation	●	●	●	●
RSM Ndlovu (alternate to PJ Uys)	Standing invitation		●	●	●
NL Sowazi	Ad-hoc member		●		●

¹ Meetings prior to appointment on 22 August 2019 attended by standing invitation.

Fees paid to the committee members are reflected on page 183 in the remuneration report and the proposed fees for 2020 are detailed on page 232.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Investment committee in 2019 included capital and other applications to submit tenders, the increase of current investments, placement of new investments and the restructuring of investments. Following consideration the committee provided recommendations to the Board for their approval.

The committee also provided guidance and reviewed progress on the implementation of Grindrod's strategy.

In terms of its mandate, the committee also approved the Investment committee report for inclusion in the 2019 integrated annual report and approved the committee's annual work plan for 2020.

On behalf of the Investment committee

Andrew Waller
Chairman

24 April 2020

REPORT OF THE NOMINATION COMMITTEE

ROLE AND KEY FUNCTIONS

The Nomination committee is a committee of the Board. It reviews, monitors, advises on and makes recommendations regarding the nomination of directors for consideration and final approval by the Board and election by shareholders.

The committee functions in terms of defined [Terms of Reference](#), approved by the Board in 2014 and reviewed annually, and an approved detailed annual work plan.

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises the chairman and two independent non-executive directors. During the year under review, directors serving on the committee included Mike Hankinson (chairperson, appointed on 22 November 2018), Nkululeko Sowazi (appointed on 25 November 2014) and Pieter Uys (appointed on 27 May 2016). More details of these directors are given on pages 144, 145 and 147.

The committee's Terms of Reference make provision for scheduled meetings twice a year and unscheduled meetings when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2019.

Attendance of committee members at the meetings of the committee in the year is listed on page 149 of this integrated annual report.

Fees paid to the committee members are reflected on page 183 in the remuneration report and the proposed fees for 2020 are detailed on page 232.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Nomination committee based on its annual work plan for 2019 included:

- reviewing the performance evaluations of the Chairman of the Board and the Board sub-committees and Board members;
- reviewing the performance and independence of the Audit committee for recommendation to the shareholders for re-election;
- reviewing the composition of the Board and the Board sub-committees;
- monitoring the formal induction programme for newly appointed directors;
- monitoring directors' briefings on changes in risks, laws and the environment in which Grindrod operates;
- reviewing the independence of non-executive directors based on the nine indicators included in King IV and tenure in excess of nine years;
- reviewing in detail the performance of directors retiring by rotation to support the recommendation for their re-election by shareholders;

- monitoring succession planning for members of the Board, the CEO, members of the Executive committee and senior management;
- reviewing the insurance cover in place for directors and officers;
- reviewing the Nomination committee report for inclusion in the 2019 integrated annual report; and
- approving its annual work plan for 2020.

BOARD APPOINTMENTS

In 2019, the committee gave consideration to the appointment of Walter Grindrod as a non-executive director.

On the basis of a detailed review of his competencies and experience, the committee recommended the appointment of Walter Grindrod, effective from 22 August 2019, which recommendation was unanimously supported by the Board.

Following his acceptance of a new role as CEO of a Remgro Limited investee, Raymond Ndlovu resigned as an independent non-executive alternate director, effective 1 January 2020. As part of Grindrod's commitment to the increased independence of Grindrod Bank, Zola Malinga resigned as an independent non-executive director from the Grindrod Board to focus solely on Grindrod Bank, effective 1 January 2020.

The process to select and appoint suitable candidates to fill these vacancies was initiated in 2019, with Board members nominating candidates. This process, aligned with the Board's policy on promoting broader diversity, taking cognisance of gender, race, culture, age, field of knowledge, skills and experience, at Board level, identified Ben Magara and Zimkhitha Zatu as suitable candidates for appointment to the Board.

The detailed review of their competencies and experience included the assessment of the skills required for membership of the audit and Social and Ethics committees. On the basis of this review the committee recommended the appointment of Ben Magara and Zimkhitha Zatu as independent non-executive directors, effective from 30 January 2020, which recommendation was unanimously supported by the Board.

Following the resignation of Raymond Ndlovu, the committee gave consideration to the appointment of an alternate director to Pieter Uys. On the basis of a detailed review of the competencies and experience of Willem van Wyk, the committee recommended his appointment as independent non-executive alternate director, effective from 30 January 2020, which recommendation was unanimously supported by the Board.

BOARD COMPOSITION AND EVALUATION

At its meeting held in March 2020, the Nomination committee evaluated the composition of the Board and its committees against their core functions as per their respective mandates, with due consideration to the material issues, risks and opportunities relevant to Grindrod. The evaluation reviewed the composition in light of the balance of knowledge, skills, experience, diversity and independence necessary to drive Grindrod's strategy, including members' skills, gender, race, age group and Board tenure.

In March 2020 the committee undertook a detailed evaluation of the Board and its committees based on the four governance outcomes outlined in King IV. The outcomes were evaluated according to between eight and 14 criteria each, with questionnaires compiled by the Group Company Secretary based on an evaluation tool.

The Nomination committee was, based on its evaluations, satisfied with the Board composition, levels of governance and the skills, experience and qualifications of the members, which evaluation was accepted by the Board.

Report of the Nomination committee continued

AUDIT COMMITTEE APPOINTMENTS

The committee also gave consideration to the appointment of the chairperson and members to the Audit committee. Having given due consideration to skills and experience requirements in conjunction with succession planning, the committee recommended the reappointment of Grant Gelink as chairperson and the appointment of Willem van Wyk and Zimkhitha Zatu as members of the Audit committee. The recommendations were unanimously supported by the Board for recommendation to the shareholders at the forthcoming AGM.

SOCIAL AND ETHICS COMMITTEE APPOINTMENT

The committee also gave consideration to the appointment of Zimkhitha Zatu as member and Walter Grindrod as chairman of the Social and Ethics committee. Having given due consideration to skills and experience requirements, the committee recommended their appointment as chairman and member of the Social and Ethics committee. The recommendation was unanimously supported by the Board.

RISK COMMITTEE APPOINTMENT

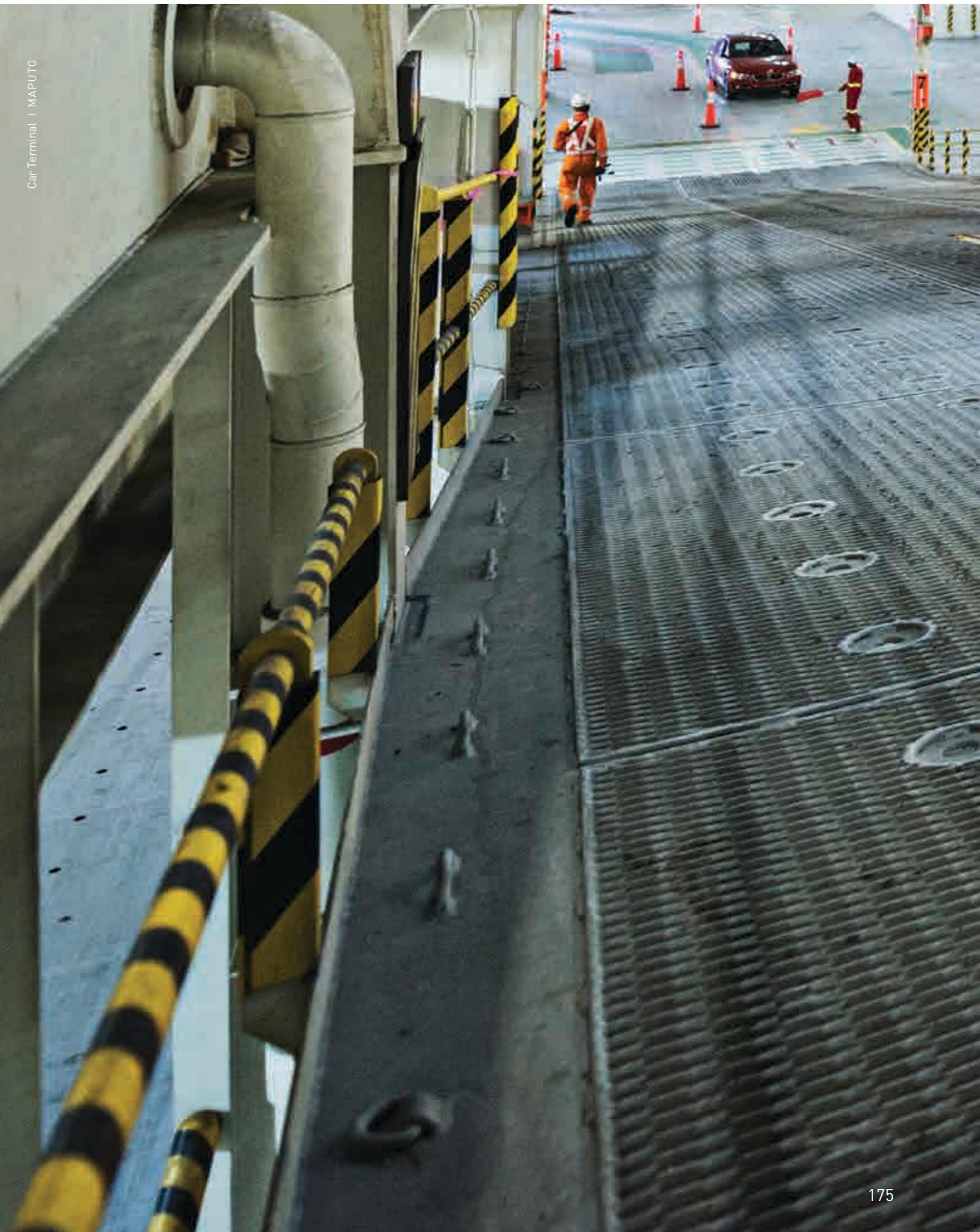
The committee considered the appointment of Ben Magara as member of the Risk committee, having due regard to skills and experience requirements and recommended the appointment to the Board. The recommendation was unanimously supported by the Board.

On behalf of the Nomination committee



Mike Hankinson
Chairman

24 April 2020



REPORT OF THE REMUNERATION COMMITTEE

ROLE AND KEY FUNCTIONS

The Remuneration committee is a committee of the Board that assists in determining and recommending remuneration policy. The role and key functions of the Remuneration committee are defined in the Remuneration committee [Terms of Reference](#), approved by the Board in 2014 and reviewed annually.

The committee independently reviews, advises on and makes recommendations relating to all remuneration matters to promote an environment that is conducive to the achievement of strategic objectives and encourages individual performance. The committee also monitors the outcomes of the implementation of the remuneration policy to measure whether or not its objectives have been met.

SCOPE OF REPORT

This report is compiled in accordance with King IV practices and the JSE Listings Requirements and comprises a background statement, an overview of the main provisions of the remuneration policy and an implementation report. The activities of the Remuneration committee and the remuneration principles and policy that guide its decisions and disclose directors' and prescribed officers' remuneration are set out below.

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises the chairman and two independent non-executive directors. During the year under review, directors serving on the committee included Pieter Uys (chairman, appointed 27 May 2016), Mike Hankinson (appointed May 2010, resigned on 1 November 2017 further to his appointment as the executive Chairman, reappointed 22 November 2018 when he reverted to a non-executive role) and Nkululeko Sowazi (appointed 25 November 2014). More details of these directors are given on pages 144, 145 and 147.

Committee members meet at scheduled meetings twice a year and unscheduled meetings when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2019.

Attendance of committee members at the meetings of the committee during the year is listed on page 149 of this integrated report.

Fees paid to the committee members are reflected on page 184 in this report and the proposed fees for 2020 are detailed on page 232.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Remuneration committee based on its annual work plan for 2019 included:

- monitoring Grindrod's remuneration policy;
- evaluating and recommending fees for non-executive directors based on industry benchmarks;
- reviewing and approving the criteria against which executive directors are remunerated and evaluated;
- reviewing the performance of executive directors against predetermined financial and operational targets;
- reviewing and approving the remuneration packages and incentives, including annual and other incentive bonuses, for executive directors;
- approving the overall divisional allocations for senior- management bonuses;
- approving annual remuneration increases for employees outside the bargaining unit;
- monitoring annual remuneration increases for employees within the bargaining unit;
- reviewing the performance of the primary stand-alone pension and provident funds and monitoring finalisation of the transition of the two primary provident funds to umbrella funds;
- reviewing the performance of the employee medical aid schemes;
- reviewing legislative and regulatory compliance within the scope of its mandate;
- approving the remuneration report for inclusion in the 2019 integrated annual report; and
- approving the annual work plan for 2020.

PERFORMANCE EVALUATION

During the year, the committee considered the performance of the Chief Executive Officer, the Chief Financial Officer and executive director in determining their respective remuneration. The primary performance indicators for executives are set out on page 186.

INTEGRATED ANNUAL REPORT

The committee reviewed the accuracy, completeness and transparency of this remuneration report, including the details of emoluments paid to directors and incentive schemes included on pages 183 to 191, and approved the report for inclusion in the Grindrod integrated annual report for the year ended 31 December 2019 to the Board.

On behalf of the Remuneration committee



Pieter Uys
Chairman

24 April 2020

Report of the Remuneration committee continued

DIRECTORS' INTERESTS IN GRINDROD

At 31 December 2019, the directors held interests in Grindrod as follows:

Ordinary shares	2019		2018	
	Beneficial direct	Non- beneficial and beneficial indirect	Beneficial direct	Non- beneficial and beneficial indirect
WJ Grindrod ¹	-	21 610	-	
MJ Hankinson	27 000	8 000	27 000	8 000
B Ntuli ²	-	-	110 000	-
DA Polkinghorne	259 644	-	162 262	-
AG Waller	725 417	-	457 858	-
SDM Zungu ³	-	-	4 228	-
	1 012 061	29 610	761 348	8 000

¹ Appointed as non-executive director on 22 August 2019.

² Resigned as executive director on 31 December 2018.

³ Resigned as independent non-executive director on 23 August 2019.

The beneficial direct shareholdings increased by 304 597 after year-end further to vesting in terms of the forfeitable share plan.

BACKGROUND STATEMENT

2019 focus

The Remuneration committee continued to focus on measures that support the execution of the Grindrod strategy and appropriately remunerate and incentivise staff to drive business execution. Safeguards include competitive remuneration, bonus and benefits structures and growth and personal and career development opportunities.

As such, the committee considered proposals and recommendations from Human Resources to ensure that remuneration across Grindrod is aligned, industry- competitive, equitable and verified against internal and external benchmarks by:

- monitoring the implementation of remuneration recommendations negotiated with bargaining councils and trade unions;
- approving increases for salaried employees, which were determined to promote comparability based on external remuneration surveys;
- monitoring the addition of a third medical-scheme option to ensure that employees have access to scheme benefits according to their needs and budget;
- monitoring the migration from one retirement fund to an umbrella fund on 1 October 2019, following benchmarking of the funds and related Group-life, disability and dread-disease cover, to optimise employees' retirement savings; and
- monitoring the initiation of the migration of a second retirement fund to an umbrella fund in 2020.

Advisory vote

The shareholder non-binding advisory votes at the Annual General Meeting on 28 May 2019 did not achieve the minimum requirement of 75% approval of the confirmation of the remuneration policy (70.50% approval) and the implementation report (71.00% approval).

Grindrod invited dissenting shareholders through a SENS announcement on 28 May 2019 to engage with the Company and received feedback from the Public Investment Corporation (PIC), Sanlam Investments (SI) and Oasis Asset Management (OAM).

Their objections pertained to the lack of disclosure of key performance indicators (KPIs) in respect of the share-price-linked option scheme, the lack of disclosure of strategic KPIs in respect of short-term incentives (stretch and budget targets) and that awards in the forfeitable share plan target retention only.

OAM did not respond to invitations to schedule engagement meetings. During independent engagement with PIC and SI, the objections raised were acknowledged and the following explanations provided:

- The absence of profit targets in the vesting criteria of the forfeitable share plan relates to the use of the plan as a key retention measure during periods of depressed earnings due to market cyclicalities. This fundamental principle was incorporated into the rules of the plan, which was approved by shareholders in 2012.
- The share-price-linked option scheme has been amended to provide for the inclusion of key performance indicators as a condition of vesting.
- Grindrod will improve disclosure related to remuneration.

Grindrod undertook to include disclosure of executive KPIs and performance against such KPIs in the integrated annual report. As a result, disclosure of executive remuneration was extended as set out in the implementation report included on pages 183 to 191.

Future focus

The committee will continue to focus on ensuring that employees across all spectrums are remunerated fairly, responsibly and transparently and that critical skills are retained to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.

Confirmation

The Remuneration committee is of the view that Grindrod's remuneration philosophy and policies continue to support the Group's strategy and promote fair, responsible and transparent remuneration. The committee is satisfied that its decisions taken in 2019 contributed to meeting the objectives of Grindrod's remuneration policies, to fairly reward individual performance measured against objective structures, organisational sustainability, a high- performance culture and the retention of scarce and specialised skills.

The committee is satisfied that Grindrod's core skills complement is intact and capable of successfully repositioning Port and Terminals, Logistics and Bank to the benefit of all stakeholders.

Report of the Remuneration committee continued

REMUNERATION POLICY

The Grindrod remuneration philosophy, available on the [Grindrod website](#), is to fairly reward individual performance, measured against objective structures, to support organisational sustainability, a high-performance culture and the retention of scarce and specialised skills.

Remuneration policies are designed to attract, motivate, reward and retain human capital and to promote the achievement of strategic objectives within approved risk appetite and tolerance levels, positive outcomes, an ethical culture and responsible corporate citizenship. They are structured to achieve value-based management, which stimulates performance at organisational level and optimises employed capital and shareholder returns. Policy frameworks adhere to legislation and sound governance criteria and are aligned with the business strategy and objectives.

The Remuneration committee is mandated to assist the Board to compensate employees fairly and responsibly for specific roles. The evaluation of specific roles within a formal job-grading system provides for an objective measurement against benchmarks and an informed consideration of the gap between all levels of pay. The policies provide a basis for the structured grading of jobs and formulation of role descriptions, with regular evaluations supporting fair reward for employees based also on their individual skills and performance.

Individual performance is measured against individually tailored, predetermined KPIs, including non-financial sustainability measures that incrementally trigger rewards. To achieve performance continuity and the desired retention levels, some policies factor out conditions over which operations and individuals have no control, such as adverse market conditions.

Human-resources officers and management regularly engage with recognised unions and bargaining councils to ensure all objectives are addressed over time.

The remuneration of executive management is monitored in terms of the overall remuneration across the Group. Monitoring criteria include levels and trends in salary, collective bargaining outcomes and bonus participation. At the time that salary increases are considered, the committee receives a report on the approach management proposes to adopt for general staff increases.

Sign-on, retention and restraint payments are not part of normal remuneration, unless the Remuneration committee determines otherwise in specific cases.

Payments made on termination of office in relation to good leavers include severance and leave pay. Payments made in respect of the long-term incentives, if applicable, include pro-rata vesting on the forfeitable share plan and pro-rata payment based on the current share price on outstanding options with reference to the share-priced-linked option scheme, unless the Board, in consultation with the CEO, determines otherwise.

If an employee's employment terminates due to resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct, long-term incentives are forfeited.

REMUNERATION STRUCTURE

Executives, prescribed officers and key managers receive remuneration comprising a guaranteed total cost of employment (TCOE) and a variable portion which incorporates short- and long-term incentives which are linked to performance and sustainability achievements. Some rewards are based on share-price appreciation, which promotes a long-term commitment to creating shareholder value. The short- and long-term incentives include schemes that provide for awarding of a total of 4 223 101 shares as incentives, which can result in a 0.62% dilution of the Group's equity net of treasury stock.

The short- and long-term incentive schemes reward an individual's contribution to Company performance to align the focus of executives with the expectations of stakeholders and promote executive retention through share ownership.

Executive remuneration is annually reviewed and approved by the committee against each individual's level of experience, responsibilities and performance, the scarcity of the person's knowledge and skills and the premium placed on such a resource in the market. Current levels of remuneration are benchmarked at the median of the relevant global grades and/ or comparator group, which include large listed local companies.

Executives' guaranteed remuneration considers the complexity of the role of each executive, their level of experience and their contribution to the Group's overall performance. Increases in guaranteed remuneration are awarded based on performance and amended responsibilities.

Executive remuneration is benchmarked with the "TASK" grading methodology in consultation with independent compensation consultants, to grade the level of responsibility with consideration of factors such as sales volumes, profits, number of employees, assets managed and salary/ wage account.

Employment contracts of Executive committee members contain a six-month notice period to ensure continuity in top management.

Non-executive director fees are reviewed annually by the committee. Reviews are undertaken in consultation with independent and objective remuneration specialists or, when considered appropriate, benchmarked internally based on independent and reputable remuneration research reports. The proposed fees, aligned with the remuneration levels of comparable listed companies, are referred to the Board for shareholder approval at the Annual General Meeting. Non-executive directors are excluded from participation in the short- and long-term incentive schemes.

Incentive schemes – Short term

Performance bonuses are based on the achievement of stretch profit targets and specified strategic and non-specified value-added objectives approved by the Remuneration committee annually. Short-term incentives for executives are capped at 100% of TCOE.

KPIs include the following elements:

- The stretch profit element (capped at 50% of TCOE), which is based on both targeted divisional and Group profits and share-price growth. Factors including market conditions, return on equity and financial performance are considered in determining such targets. This element triggers on achieving the Board-approved budget, with 5% triggered on achievement of the budget at divisional level and 10% triggered on achievement of the budget at Group level. A straight-line incremental award is then applied depending on the allocated and agreed stretch achieved. In 2020 the stretch profit element will be based on prior-year actual plus a percentage, with a straight-line incremental award being applied depending on the stretch achieved.
- The remaining element includes:
 - The specific strategic element, aimed at ensuring attainment of key initiatives from the three-year strategic plan, which is directly aligned to the delivery of shareholder value.
 - A non-specified value-added component, comprising objectives that include transformation, SHERQ and operational and commercial imperatives that add both long- and short-term value to the Group.

The total Executive committee remuneration for 2019, excluding the benefits accruing on the vesting of long-term incentive schemes, would, in the case of minimum-target achievement, have been equal to the total package as reflected in the emoluments table included in the implementation report on page 183. The maximum remuneration, exclusive of vesting, would have been equivalent to 200% of the total package.

Key managers within all divisions receive bonuses based on a structure similar to that for executives. Performance is measured against pre-agreed key objectives and financial results. All bonuses are reviewed by the CEO and bonus information is tabled for approval by the Remuneration committee.

Report of the Remuneration committee continued

Incentive schemes – Long-term

Grindrod Limited's and Grindrod Bank's primary performance incentive, the share-price-linked option schemes, aim to reward and retain executives and key managers.

In consideration of the cyclical nature of the markets in which Grindrod operates, shareholders approved a pure retention incentive, the Grindrod Limited forfeitable share plan, used in periods of market distress when share price appreciation is unlikely. The incentive, capped at six million shares (0.7% of share capital) in accordance with shareholder approval at the 2012 Annual General Meeting, is designed to be a small but critical part of the long-term incentives and is utilised in limited circumstances to retain key management. The Board has awarded a total of 4 223 101 shares to retain key management, as reflected on page 190.

The schemes are set out in more detail below.

Grindrod Limited share-price-linked option scheme

The share-price-linked option scheme was introduced in 2007 as a retention incentive for executives and key managers. Key strategic managers are nominated for participation in the scheme during the annual staff-appraisal period, based on their performance and contribution to the success of the divisional business plan in that year. The merit of each nomination is debated at meetings between divisional executives and the CEO and qualifying candidates are nominated to the Remuneration committee for its review and subsequent approval by the Board.

The options, which are linked to the Grindrod ordinary share price, are settled in cash and therefore not classified as equity-settled in terms of the JSE Listings Requirements. Vesting effects in three one-third tranches on the third, fourth and fifth anniversaries of the grant date and do not have an expiry date beyond the vesting date. The cash settlement, paid net of tax, is based on the difference between the grant and settlement prices, being the weighted average of the closing price for the seven trading days preceding the vesting date.

Vesting of awards in the scheme is subject to the participant's achievement of key performance criteria and appreciation of the Grindrod Limited share price, measured against increased shareholder value over the vesting period.

Vesting settlements may not exceed 10% of the attributable profit of a division. No settlement is paid if the share price does not rise between grant and vesting dates, if an employee resigns, is dismissed, has interrupted service or has rendered unsatisfactory performance as determined by the Remuneration committee or CEO.

Grindrod Limited forfeitable share plan

The forfeitable share plan was introduced and approved by shareholders in 2012 to support the recruitment and long-term retention of executives and key managers during times that the Grindrod ordinary share price is stagnant or decreasing due to circumstances over which Grindrod and participants have no control. As such, vesting is not subject to profit targets, but participants must remain in their positions in the Group for an award to vest.

Shares, awarded to executives and qualifying managers who meet strategic objectives in the business plan, vest in three equal tranches at the end of years three, four and five after the award date. Prior to vesting, participants receive dividends paid and may vote in respect of the shares awarded, but they cannot trade or encumber their allocation until vesting date. Unvested awards are forfeited on termination of employment by Grindrod or the participant. The value granted is recognised in the income statement at the awarded price over the vesting period.

The scheme is capped at six million shares.

Grindrod Financial Services Group share-price-linked option scheme

The Grindrod Financial Services Group share-price-linked option scheme was introduced in 2009 for Grindrod Bank executives and key employees. The scheme operates according to the same performance requirements as the Grindrod Limited share-price-linked option scheme, except that the share-price element is calculated as the greater of the net asset value of Grindrod Bank or an agreed price-earnings value, that payments are limited to 10% of the division's attributable profit and that vesting dates are the dates of Grindrod Bank Remuneration committee meetings. Vesting may, in exceptional circumstances and subject to the approval of the Remuneration committee, occur earlier than the five-year vesting period.

IMPLEMENTATION REPORT

Emoluments paid to directors and prescribed officers

The tables below provide an analysis of the emoluments, split between local and offshore remuneration package approvals, paid to executive and non-executive directors and prescribed officers of Grindrod in relation to the 2019 and 2018 financial years.

Current directors – local

	Directors' fees R000	Committee fees R000	Basic remuneration R000	Retirement medical and other benefits R000	Total package R000	Bonus ¹ R000	2019 Total R000	Increase from 2018 excluding bonus ⁸ %
Executive directors								
XF Mbambo	–	–	3 851	862	4 713	3 467	8 180	55.7 ⁹
DA Polkinghorne	–	–	4 458	1 127	5 585	–	5 585	6.4
AG Waller	–	–	5 913	1 057	6 970	3 782	10 752	24.2 ¹⁰
Sub-total	–	–	14 222	3 046	17 268	7 249	24 517	
Non-executive directors								
MR Faku	415		–	–	415		415	
G Gelinck	415	292	–	–	707		707	
WJ Grindrod ²	155	40	–	–	195		195	
MJ Hankinson	1 191	571	–	–	1 762		1 762	
Z Malinga ^{3, 4}	659	549	–	–	1 208		1 208	
R Ndlovu ^{3, 4, 5, 6}	244	834	–	–	1 078		1 078	
NL Sowazi	829	286	–	–	1 115		1 115	
PJ Uys ⁵	453	567	–	–	1 020		1 020	
SDM Zungu ⁷	272		–	–	272		272	
Sub-total	4 633	3 139	–	–	7 772	–	7 772	
Total emoluments local	4 633	3 139	14 222	3 046	25 040	7 249	32 289	

¹ Short-term incentive performance bonuses in respect of services rendered in 2019 accrued as at year-end as detailed on pages 185 and 186.

² Appointed as non-executive director 22 August 2019.

³ Resigned as independent non-executive director on 1 January 2020.

⁴ Includes fees paid by Grindrod Bank.

⁵ Alternate to PJ Uys. Fees in respect of member of Audit committee and chairman of Social and Ethics committee.

⁶ Fees ceded to Remgro.

⁷ Resigned as an independent non-executive director on 23 August 2019.

⁸ Increases are based on performance and responsibilities and include role complexity, level of experience and contribution to group performance. Remuneration is benchmarked by independent consultants.

⁹ A 6% increase was awarded in 2019. The increase of 55.7% is not a true measure as prior year remuneration does not include package for the full year following appointment as Financial Director on 1 September 2018.

¹⁰ A 6% increase was awarded in 2019. The increase of 24.2% is not a true measure as prior year remuneration does not include package as CEO for the full year following appointment to this position on 1 September 2018.

Report of the Remuneration committee continued

Current directors – local

	Retirement medical and other benefits								Increase from 2017 excluding bonus ¹³
	Directors' fees	Committee fees	Basic remuneration	Total package	Performance bonus ¹	2018 Total			
	R000	R000	R000	R000	R000	R000	R000	R000	
Executive directors									
MJ Hankinson ²	1 457	8	6 083	587	8 135	5 265	13 400	66.2	
XF Mbambo ³	–	–	2 388	639	3 027	2 200	5 227		
B Ntuli ⁴	–	–	4 287	1 913	6 200	2 385	8 585	38.0	
DA Polkinghorne	–	–	4 210	1 040	5 250	3 392	8 642	25.7	
AG Waller ⁵	–	–	4 745	866	5 611	3 400	9 011	16.9	
Sub-total	1 457	8	21 713	5 045	28 223	16 642	44 865		
Non-executive directors									
H Adams ⁶	334	192	–	–	526	526			
MR Faku	367	–	–	–	367	367			
WD Geach ^{6,7}	452	310	–	–	762	762			
G Gelink	367	275	–	–	642	642			
G Kotze ⁸	–	–	–	–	–	–			
Z Malinga	531	308	–	–	839	839			
R Ndlovu ⁹	185	660	–	–	845	845			
NL Sowazi	699	174	–	–	873	873			
PJ Uys ¹⁰	552	485	–	–	1 037	1 037			
SDM Zungu	367	–	–	–	367	367			
Sub-total	3 854	2 404	–	–	6 258	–	6 258		
Total emoluments local	5 311	2 412	21 713	5 045	34 481	16 642	51 123		

Prescribed officer – offshore

	Directors' fees	Committee fees	Basic remuneration	Retirement medical and other benefits	2018 Total				
					Currency	000	000	000	000
MR Wade ^{11,12}		SGD	–	–	398	66	464 ¹⁴		

¹ Short-term incentive performance bonuses in respect of services rendered in 2018 accrued as at year-end as detailed below.

² Resigned as executive Chairman effective 22 November 2018. Appointed executive Chairman for 18 months as the Group restructured and was not awarded any long-term incentives.

³ Appointed as executive Financial Director on 1 September 2018.

⁴ Resigned as executive director on 31 December 2018.

⁵ Appointed as CEO on 1 September 2018.

⁶ Retired as independent non-executive director on 30 November 2018.

⁷ Includes fees paid by Grindrod Bank.

⁸ Resigned as independent non-executive director on 1 September 2018.

⁹ Alternate to PJ Uys. Fees in respect of member of Audit committee and chairman of Social and Ethics committee.

¹⁰ Fees ceded to Remgro.

¹¹ Singapore resident. Emoluments paid in SGD. Includes accommodation costs in Singapore as part of the employment contract.

¹² Resigned as executive director on 1 November 2017, resigned as a member of the Executive committee effective 19 June 2018.

¹³ Increases are based on performance and responsibilities and include role complexity, level of experience and contribution to Group performance. Remuneration is benchmarked by independent consultants.

¹⁴ Not a true measure as current year remuneration is for the period up to the Shipping spin-off effective 18 June 2018.

Short-term incentive: performance bonuses

Performance bonuses paid to executive participants in the scheme are based on the evaluation of Group or divisional and individual performances, measured against objectives and targets that are established and approved by the Remuneration committee at the beginning of each year.

The table below reflects the assessed performances of executive participants in the scheme as approved by the committee:

	Stretch profit targets	Specific strategic actions	Non-specific value-added element	Payout as a percentage of TCOE	
				2019	2018
MJ Hankinson				N/A	70
XF Mbambo	25	20	20	65	50
DA Polkinghorne	–	–	–	–	64
AG Waller	25	12	17	54	50
Average	17	11	12	40	59
Target weighting	50	30	20	100	100

Report of the Remuneration committee continued

XF Mbambo

Stretch profit target: Partial achievement

Please refer to the Chief Financial Officer's report regarding the financial review of Grindrod on pages 29 to 33. Port, Terminals and Logistics delivered good performance whilst results from total operations reflected the impact of the impairments in discontinued operations. There was nil growth in the share price.

Specific strategic actions: Partial achievement

Please refer to the Chief Financial Officer's report regarding the delivery on financial and treasury management objectives on pages 29 to 33. Partial achievement was achieved on specific actions and strategic projects, including B-BBEE ownership and the restructuring of the legal structure.

Non-specific value-added element: Full achievement

Good progress was made, and support delivered in respect of commercial and operational activities, including commercial contracts, stakeholder engagements and key customer contract extensions.

AG Waller

Stretch profit target: Partial achievement

Please refer to the Chief Financial Officer's report relating to the financial review of Grindrod during the period on pages 29 to 33. Port, Terminals and Logistics delivered good performance whilst results from total operations reflected the impact of the impairments in discontinued operations. There was nil growth in the share price.

Specific strategic actions: Partial achievement

Partial progress was made on the exit of the Agricultural Investments and Marine Fuels businesses, with the disposal of NWK executed. Execution continued on delivering the strategy and unlocking trade corridors.

Non-specific value-added element: Partial achievement

Extensive engagement was undertaken with commercial stakeholders, employees, divisional management to enable delivery of strategy.

DA Polkinghorne

Stretch profit target: Nil achievement

Please refer to the Chief Financial Officer's report relating to the financial review of Grindrod on pages 29 to 33. Bank earnings declined from the comparative year. There was nil growth in the share price.

Specific strategic actions and Non-specific value-added element: Nil achievement

Partial achievement was achieved, however due to the performance of Grindrod Bank, no achievement was recognised.

Grindrod Limited share-price-linked option scheme

Share option gains and cash-settled share-price-linked option payments for 2019 were as follows:

	Share-price-linked option payment	Share-price-linked option payment
	2019	2018
Executive directors/ prescribed officers		
XF Mbambo	215 774	-
DA Polkinghorne	503 474	-
AG Waller	1 172 775	-
Total	1 892 023	-

A summary of options granted to executives and senior management, still to vest as at 31 December 2019, is as follows:

	Date option granted						
	2015	2016	2017	2017	2018	2019	Total
Price (R) ¹	10.48	5.09	7.65	6.02	7.40	8.13	
Number of options granted ²	4 988 793	9 281 852	9 881 331	1 900 984	5 197 287	6 397 000	37 647 247
Cancellations	(435 000)	(961 000)	(578 000)	-	-	-	(1 974 000)
Vesting on retirement/ transfer	(948 000)	(1 612 000)	(1 517 000)	(150 000)	-	-	(4 227 000)
Vested	(1 706 456)	(1 506 749)	-	-	-	-	(3 213 205)
Vested as a result of Shipping spin-off ³	(735 333)	(1 412 000)	(1 559 000)	(520 000)	-	-	(4 226 333)
Sub-total	1 164 004	3 790 103	6 227 331	1 230 984	5 197 287	6 397 000	24 006 709
Forfeiture	(366 881)	(855 051)	(1 815 701)	(90 514)	(1 247 276)	(52 000)	(4 427 423)
Net total⁴	797 123	2 935 052	4 411 630	1 140 470	3 950 011	6 345 000	19 579 286

¹ The price reflects the market price on the dates of the awards, mathematically adjusted on the successful conclusion of the Shipping division spin-off.

² Restructured during 2018 as a result of the Shipping division spin-off.

³ Only applicable to employees in the Shipping division.

⁴ At 31 December 2019, the fair value of these options was R4.4 million.

Report of the Remuneration committee continued

The details of awards granted to executives as at 31 December 2019 are as follows:

Director	Options at 1 January 2019	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2019 ¹	Option price R	Vesting dates
XF Mbambo	34 999		34 999	8.40		14.90	February 2019
	73 618		73 618	8.40		10.48	February 2019
	73 616				73 616	10.48	February 2020
	65 170		65 170	8.40		5.09	February 2019
	65 170				65 170	5.09	February 2020
	65 170				65 170	5.09	February 2021
	67 583				67 583	7.65	March 2020
	67 583				67 583	7.65	March 2021
	67 585				67 585	7.65	March 2022
	95 944				95 944	7.40	February 2021
	95 944				95 944	7.40	February 2022
	95 944				95 944	7.40	February 2023
		331 333			331 333	8.13	March 2022
		331 333			331 333	8.13	March 2023
		331 334			331 334	8.13	March 2024
	868 326	994 000	173 787		1 688 539		
DA Polkinghorne	22 929		22 929	8.40		14.90	February 2019
	67 523		67 523	8.40		10.48	February 2019
	67 704				67 704	10.48	February 2020
	152 063		152 063	8.40		5.09	February 2019
	152 063				152 063	5.09	February 2020
	152 063				152 063	5.09	February 2021
	143 614				143 614	7.65	March 2020
	143 614				143 614	7.65	March 2021
	143 616				143 616	7.65	March 2022
	117 065				117 065	7.40	February 2021
	117 065				117 065	7.40	February 2022
	117 063				117 063	7.40	February 2023
		128 333			128 333	8.13	March 2022
		128 333			128 333	8.13	March 2023
		128 334			128 334	8.13	March 2024
	1 396 382	385 000	242 515		1 538 867		

Director	Options at 1 January 2019	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2019 ¹	Option price R	Vesting dates
AG Waller	143 614				143 614	8.40	
	143 614					143 614	10.48 February 2020
	354 210				354 210	8.40	
	354 210					354 210	5.09 February 2019
	354 208					354 208	5.09 February 2020
	334 900				334 900	7.65	
	334 900					334 900	7.65 March 2021
	334 900					334 900	7.65 March 2022
	223 871				223 871	7.40	
	223 871					223 871	7.40 February 2021
	223 869				223 869	7.40	
					868 333	8.13	
						868 333	8.13 March 2023
					868 334	8.13	
						868 334	8.13 March 2024
					3 026 167	2 605 000	497 824
						5 133 343	
Totals	5 290 875	3 984 000	914 126		8 360 749		

¹ At 31 December 2019, the fair value of these options was R2.0 million.

The cost of scheme settlements is hedged against 14 046 343 treasury shares (2018: 13 260 494), not allocated to the forfeitable share plan. During 2019, 460 000 shares (2018: 8 720 000 shares) were bought back at an average price of R5.95 (2018: R6.65).

Report of the Remuneration committee continued

Grindrod Limited forfeitable share plan

The following table summarises the movements in the forfeitable share plan during the year.

Award date	Date option granted	Number of options granted	Price ^{1,2} R	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares ³
24 February 2014	2014	1 149 028	27.15	[718 952]	(430 076)	-
23 February 2015	2015	866 050	17.97	[441 934]	(273 272)	150 844
22 February 2016	2016	1 499 513	9.61	[502 744]	(526 953)	469 816
28 February 2017	2017	140 514	13.87	-	(50 000)	90 514
26 June 2017	2017	4 462 282	13.87	[830 000]	(898 773)	2 733 509
1 November 2017	2017	778 418	15.48	-	-	778 418
		8 895 805		[2 493 630]	(2 179 074)	4 223 101

¹ The price reflects the market price on the dates of the awards.

² The vesting price for the 2014, 2015 and 2016 awards that vested during 2019 was R7.68, R7.68 and R8.20 respectively.

³ At 31 December 2019, the fair value of these options based on a closing share price of R5.03 was R21.2 million.

The table below shows the executive participants in the scheme. No forfeitable shares were granted to the executives during 2019.

Award date	Opening balance 1 January 2018	Number of forfeitable shares vested	Total forfeitable shares ¹
XF Mbambo	452 568	-	452 568
DA Polkinghorne	231 814	(97 382)	134 432
AG Waller	531 133	(267 559)	263 574
	1 215 515	(364 941)	850 574

¹ At 31 December 2019, the fair value of these options was R4.3 million.

Grindrod Bank share-price-linked option scheme

A summary of options granted to executives and senior management of Grindrod Bank, still to vest as at 31 December 2019, is as follows:

Date option granted	Number of options granted	Price ¹ R	Restructure as a result of private equity (PE) separation			Vested/ settled	Net total
			Lapse				
2015	1 309 000	11.04	36 366	(146 334)	(962 000)	237 032	
2016	945 000	13.21	62 342	(100 000)	(501 000)	406 342	
2017	1 109 000	14.33	111 997	(265 000)	(226 000)	729 997	
2018	1 194 000	15.20	132 476	(248 000)	(215 000)	863 476	
2019	1 641 000	16.54	200 078	(242 000)	(295 000)	1 304 078	
	6 198 000		543 259	(1 001 334)	(2 199 000)	3 540 925	

¹ The price and units were mathematically adjusted on the separation of Bank and private equity businesses.

Payments totalling R6 773 500 were made on Grindrod Bank options vesting and settled in 2019. This included payments made to David Polkinghorne of R960 080.

The details of awards granted to an executive as at 31 December 2019 are as follows:

Director	Options at 1 January 2019	Options granted during the year	Adjustment as a result of PE separation	Options vested during the year	Vesting price R	Options at 31 December 2019	Option price ¹ R	Vesting dates
DA Polkinghorne	49 000			49 000	16.93		9.88	February 2019
	47 000			47 000	16.93		7.55	February 2019
	47 000		8 518			55 518	7.55	February 2020
	46 000			46 000	16.93		13.21	February 2019
	46 000		8 337			54 337	13.21	February 2020
	46 000		8 337			54 337	13.21	February 2021
	48 333		8 760			57 093	14.33	February 2020
	48 333		8 760			57 093	14.33	February 2021
	48 334		8 759			57 093	14.33	February 2022
	58 667		10 632			69 299	15.20	February 2021
	58 667		10 632			69 299	15.20	February 2022
	58 666		10 633			69 299	15.20	February 2023
		61 667	11 175			72 842	16.54	February 2022
		61 667	11 175			72 842	16.54	February 2023
		61 666	11 176			72 842	16.54	February 2024
	602 000	185 000	116 894	142 000		761 894		

¹ The price and units were mathematically adjusted on the separation of Bank and private equity businesses.

REPORT OF THE AUDIT COMMITTEE

The Audit committee is a statutory Board sub-committee, appointed by the shareholders to assist the Board in its corporate governance supervision responsibilities. The committee operates independently of management, is free of any organisational restraint or pressure and acts in accordance with its statutory duties and the delegated authority of the Board, within formally approved [Terms of Reference](#), reviewed and approved annually.

ROLE OF THE COMMITTEE

The Audit committee ensures that accurate financial reporting and adequate systems, controls and financial risk management policies, procedures and standards are in place. The committee is responsible to ensure appropriate corporate governance and compliance within the scope of its mandate, with a specific focus on the potential risks to Grindrod, and for IT governance and the strategic alignment of IT with the performance and sustainability objectives of Grindrod.

The committee is also, subject to Board approval, authorised to investigate any activity within the scope of its Terms of Reference and to interact with the directors, management, employees and assurance providers and to obtain independent professional advice to ensure effective governance. The committee has decision-making authority regarding its statutory duties and is accountable to the Board and Grindrod's shareholders.

COMPOSITION AND COMMITTEE MEETINGS

The committee composition adheres to the requirements of the Companies Act, the JSE Listings Requirements and King IV. The chairman of the Board may not serve as chairman or as a member of the committee.

The committee comprises three independent non-executive directors, all of whom are financially literate. During the year under review, directors serving on the committee included Grant Gelink (reappointed 28 May 2019 and appointed as chairperson 26 November 2014), Zola Malinga (reappointed 28 May 2019, resigned 1 January 2020) and Raymond Ndlovu (reappointed 28 May 2019, resigned 1 January 2020). More details of these directors are given on pages 145 to 147.

Following the resignations of Raymond Ndlovu and Zola Malinga on 1 January 2020, Willem van Wyk and Zimkhitha Zatu were, following due assessment of their competencies, experience and skills required, and subject to their election at the forthcoming AGM, appointed to the committee on 30 January 2020.

The independence of the Audit committee and performance of its members were evaluated by the Nomination committee during March 2020. Based on the recommendation of the committee, the Board proposed the election of the members to the shareholders at the forthcoming Annual General Meeting.

The committee invites the chairman, the CEO, the CFO, internal audit manager and representatives of the external auditors to attend its meetings.

Committee members meet at scheduled meetings twice a year and at unscheduled meetings when required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2019.

Attendance of committee members at the meetings of the committee during the year is listed on page 149 of this integrated annual report.

Fees paid to the committee members are reflected on page 183 in the remuneration report and the proposed fees for 2020 are detailed on page 232 of the integrated annual report.

The Group Company Secretary serves as secretary to the committee.

The internal and external auditors have unrestricted access to the chairman and members of the committee. In 2019, the chairman of the committee had two meetings with the internal auditors and two with the external auditors without management being present. During these meetings no material issues were raised.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Audit committee based on its annual work plan for 2019 included:

- evaluation of the independence, effectiveness and performance of the internal audit function;
- reviewing and approving the internal audit charter, annual work plan and internal audit fees;
- assessing the suitability, expertise and experience of the CFO and the expertise, experience and resources of Grindrod's finance function;
- reviewing the combined assurance model and the effectiveness of the process for identifying, assessing and reporting on significant internal financial control and fraud risks as related to financial reporting;
- reviewing the Group IT governance report and IT risks, and evaluation of audit assessments of IT-related controls performed by the internal and external auditors together with the appropriateness of actions taken by management to address key issues identified, and reporting on its findings to the Risk committee;
- reviewing the cyber security user awareness strategy, the cyber security vulnerability and monitoring plan and the cyber security framework implementation plan;
- nominating the independent external auditor and rotation of the designated audit partner and the approval of their terms of engagement and fees for audit services, for approval by shareholders at the Annual General Meeting;
- reviewing the extent of non-audit services provided by the independent external auditor and approval of the related fees;
- reviewing the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit report;
- reviewing the internal auditors' limited assurance report;
- legislative and regulatory compliance within the scope of its mandate;
- reviewing implementation of Grindrod's tax policy;
- reviewing and recommending to the Board publicly disclosed financial information, including the interim results for the six months ended 30 June 2019;
- reviewing the Annual Financial Statements and results for the year ended 31 December 2019 and this 2019 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the Board of directors;
- reviewing and confirming the going concern status;
- noting a report by Deloitte & Touche providing the information as per the JSE Listings Requirements, paragraph 22.15(h);
- noting a briefing document on audit matters prepared by Deloitte & Touche;

Report of the Audit committee continued

- guiding and monitoring Grindrod's responses to the JSE's thematic review of Grindrod's Annual Financial Statements for the year ended 31 December 2018 in relation to IFRS 9, 7 and 15 and that the comments applicable to Grindrod had been addressed in the Annual Financial Statements;
- reviewing the JSE report on the preliminary findings of the thematic review for compliance with IFRS 9, 7 and IFRS 15;
- reviewing the JSE report on pro-active monitoring of financial statements in 2018;
- evaluating the performance of the Audit committee; and
- approving its annual work plan for 2020.

The functions of the committee are also performed for the subsidiaries within each division of Grindrod Limited as represented in the segmental analysis on page 210. The external auditor was nominated for each material subsidiary company for reappointment.

EXTERNAL AUDIT

Deloitte & Touche served as Grindrod's registered external auditors for the 2019 financial year. The terms of engagement, independence, expertise, audit quality, objectivity and the appropriateness of rotation of key partners in Deloitte & Touche as the external auditor were appraised by the Audit committee, which includes an annual evaluation. The committee meets with the external auditors twice a year.

In assessing the auditor's independence, the committee considered guidance contained in King IV as well as Independent Regulatory Board for Auditors (IRBA) publications and the related commentary thereon. Deloitte & Touche have been auditors of the Grindrod Group for 16 years and have demonstrated an institutional knowledge, deep expertise and experience of the Group in all the related countries in which the Group operates. The committee is satisfied that in discharging its duties in terms of its mandate, together with the robust internal Deloitte independence processes that Deloitte & Touche's independence is maintained and has not been impacted by tenure. The Deloitte & Touche internal independence processes include periodic internal quality reviews as well as those conducted by IRBA, the rotation of the Group audit partner and key component audit partners at least every five years, independence audits on all partners, established safeguards and procedures and independence training and monitoring of non-audit services. The committee is satisfied that adequate steps have been taken by Deloitte & Touche and management.

The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from Grindrod. External audit fees approved for the 2019 financial year to Deloitte & Touche amounted to R22.9 million (2018: R19.5 million); US\$408 530 (2018: US\$283 233); SGD18 000 (2018: SGD339 200) and P912 000 (2018: P868 140).

The total non-audit services for the 2019 financial year performed by and paid to Deloitte & Touche amounted to R3.8 million (2018: R3.0 million), of which 80.1% relates to permitted tax services.

Following review the committee satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

SIGNIFICANT AREAS OF JUDGEMENT

Many areas within the financial statements require judgement, which are set out in the accounting policies of the [Annual Financial Statements](#).

KEY AUDIT MATTERS

Key audit matters

The following have been identified as significant audit risks and key audit matters by Grindrod's independent external auditor:

- Control assessment of investment entities (IFRS 10 Consolidated Financial Statements)
The Bank manages two Trusts with material assets and obligations and it was determined during the current year control review that these Trusts had erroneously not been consolidated in prior years, despite indicators of control being present. These Trusts are consolidated in the current year Annual Financial Statements and prior years restated.
- Material property-backed loans
Included in the Group's "Loans and advances", are two material loans, secured by the borrowers' property holdings. The valuation of the properties securing the interest-bearing loans and the related profit share agreements is a key audit matter due to the material amount outstanding, the significant judgements associated with determining the fair value of the security and the considerable length of time since the loans were originally granted.
- Disclosure of non-current assets held for sale and discontinued operations (NCAHFS)
The net losses incurred in the current year by the assets held for sale were significant; the disclosure of the assets as discontinued operations is material on the presentation of the financial statements and significant judgement is required in assessing the fair value less cost to sell in terms of IFRS 5.
- As required by IFRS 9 Financial Instruments, loans and advances in the Bank are either measured at amortised cost less impairments in terms of an expected credit loss (ECL) model, or at fair value through profit or loss (FVTPL). Significant judgement is required by the directors in assessing these impairments and fair value measurements, and includes estimating numerous technical factors, estimates and assumptions in arriving at a final carrying value. We assessed management's disclosures regarding the impact of COVID-19 on the ECL and fair value of the loans and advances. We found that the disclosures made are appropriate, in the context of a non-adjusting subsequent event, the impact of which cannot be quantified with any degree of reliability.

More detail on these matters are set out in the independent auditors' report available on the [Grindrod website](#).

ANNUAL REPORT

Annual Financial Statements

Following the committee's review of the Annual Financial Statements for the year ended 31 December 2019, it is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS as issued by the IASB, and the JSE Listings Requirements and fairly present the results of operations, cash flows and the financial position of Grindrod. On this basis, the committee recommended that the Board of directors approve the Annual Financial Statements of Grindrod for the year ended 31 December 2019.

Integrated annual report

The committee reviewed this report together with supplementary attachments, taking cognisance of material factors and risks that may impact the integrity thereof and recommended that the Board of directors approve the integrated annual report of Grindrod for the year ended 31 December 2019.

On behalf of the Audit committee



Grant Gelink
Chairman

24 April 2020

LIMITED ASSURANCE REPORT ON CERTAIN NON-FINANCIAL INFORMATION

Limited assurance report of internal audit on the sustainability performance indicator disclosures as presented in the Grindrod integrated annual report for the year ended 31 December 2019 (the report).

Scope of work

We have performed limited assurance on selected sustainability indicators presented in the report.

The selected sustainability performance indicators are as follows:

- LTIFR;
- Petrol consumption (ML);
- Diesel consumption (ML);
- Electricity consumption (MW);
- Total direct and indirect GHG emissions (tonnes CO₂e); and
- Water consumption

Limitation of audit scope

The limited assurance procedures for the above selected sustainability performance indicators were restricted to the Grindrod Port and Terminals and Logistics divisions only. As such, this assurance report is applicable only to those selected sustainability performance indicators listed above for these named divisions.

Internal audit responsibilities and approach

Our responsibility is to express our limited assurance conclusion on the above selected sustainability performance indicators for the year ended 31 December 2019 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance in a manner which requires that we plan and perform our audit to obtain limited assurance about whether the selected sustainability performance indicators are free from material misstatement.

Our audit approach was as follows:

- Interviewed management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process
- Inspected documentation to corroborate the statements of management in our interviews
- Reviewed the process that Grindrod has in place for determining material selected key sustainability performance indicators to be included in the report
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected key sustainability performance indicators
- Performed control walkthroughs and inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria
- Undertook site visits

Our independence and quality control

Internal audit functions independently of all other business operations and has free and unrestricted access to all areas within the Group, including management, personnel, activities, locations and information.

All internal audit activities are performed in compliance with International Internal Audit Practice and the methodology and standards required by the South African Institute of Internal Auditors.

Our conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that for the year ended 31 December 2019 the selected sustainability performance indicators set out above, in relation to Grindrod Port and Terminals and Logistics divisions, are not prepared, in all material respects, in accordance with the GRI G4 Standards supported by Grindrod's internally developed guidelines.

Grindrod internal audit

24 April 2020

Promethium Carbon assisted Grindrod in the calculation of the greenhouse gas emission and other environmental data. This support included the collation of data from the operational databases, the specification of the calculated methods, the selection of emissions factors, as well as the restatement of historic emissions. The calculations were made using the International Greenhouse Gas Protocol Standard as well as the South African Technical Guidelines for Mandatory Greenhouse Gas Reporting.

Promethium Carbon

24 April 2020

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS



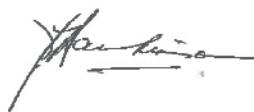
- 200** Approval of the summarised consolidated financial statements
- 200** Compliance statement by the Group Company Secretary
- 201** Preparation of the summarised consolidated financial statements
- 202** Independent auditors' report on the summarised consolidated financial statements
- 204** Summarised consolidated income statement
- 205** Headline earnings reconciliation and dividend information
- 206** Summarised consolidated statement of other comprehensive income
- 207** Summarised consolidated statement of financial position
- 208** Summarised consolidated statement of cash flows
- 209** Summarised consolidated statement of change in equity
- 210** Segmental analysis for continuing operations
- 211** Summarised income statement for discontinued operations
- 212** Notes to the summarised consolidated financial statements

APPROVAL OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

The preparation of the summarised consolidated financial statements that fairly represent the results of the Group in accordance with the Companies Act and IAS 34 Interim Financial Reporting is ultimately the responsibility of the Board. The Board also ensures an independent audit of the summarised consolidated financial statements by the external auditors. The Board is of the opinion that the internal accounting control systems assure the adequate verification and maintenance of accountability for Grindrod's assets, and assure the integrity of the summarised consolidated financial statements. No major breakdown in controls that could influence the reliability of the summarised consolidated financial statements was experienced during 2019. Based on the financial results of Grindrod and the cash flow forecast for the year ending 31 December 2020, and the application of solvency and liquidity tests, the Board is further of the opinion that the Grindrod Group has adequate resources to continue in operation for the foreseeable future. The summarised consolidated financial statements were consequently prepared on a going concern basis.

At the Board meeting held on 24 April 2020, the Board of directors approved the summarised consolidated financial statements and further authorised Mr Mike Hankinson and Mr Andrew Waller in their respective capacities as Chairman and Chief Executive Officer to sign off the Annual Financial Statements. The summarised consolidated financial statements which appear on pages 204 to 223, are therefore signed on its behalf by:



Mike Hankinson
Chairman



Andrew Waller
Chief Executive Officer

Durban
24 April 2020

COMPLIANCE STATEMENT BY THE GROUP COMPANY SECRETARY

for the year ended 31 December 2019

The Group Company Secretary of Grindrod Limited certifies that, in terms of section 88(2) of the Companies Act No. 71 of 2008, as amended, Grindrod has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act and that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2019.



Cathie Lewis
Group Company Secretary

Durban
24 April 2020

PREPARATION OF THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2019

Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the minimum requirements of IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa requirements applicable to summarised financial statements.

The audited consolidated Annual Financial Statements are available at Grindrod's registered office for inspection.

The summarised consolidated financial statements and the full set of consolidated financial statements have been prepared under the supervision of Xolani Mbambo, CA(SA) and were approved by the Board of directors on 24 April 2020. The directors take full responsibility for the preparation of these summarised consolidated Annual Financial Statements and the financial information has been correctly extracted from the underlying Annual Financial Statements.

Accounting policies

The accounting policies and methods of computation applied in the preparation of the full consolidated Annual Financial Statements from which the audited summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those of the previous full consolidated financial statements, except for the implementation of IFRS 16 Leases.

Audit opinion

These summarised consolidated financial statements for the year ended 31 December 2019 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the full consolidated financial statements for the year ended 31 December 2019 from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements is included on page 202 of this integrated report and a copy of the auditor's report on the full consolidated financial statements is available on Grindrod's website, together with the financial statements identified in the auditors' reports.

Deloitte & Touche has not audited future financial performance and expectations expressed by the directors included in the commentary in the summarised consolidated financial statements and accordingly do not express an opinion thereon. The auditor's report does not necessarily report on all of the information contained in the summarised consolidated financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should refer to the auditor's report on the full consolidated financial statements available on the Company's website.

Post balance sheet events

Grindrod has established a task team to monitor the impacts of COVID-19 on our people and business, provide guidance, and implement necessary measures. Additional details are disclosed in note 10.



Xolani Mbambo CA(SA)
Chief Financial Officer

Durban
24 April 2020

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Grindrod Limited

Opinion

The summarised consolidated financial statements of Grindrod Limited, which comprise the summarised consolidated statement of financial position as at 31 December 2019, the summarised consolidated income statement, summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Grindrod Limited for the year ended 31 December 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Grindrod Limited, in accordance with IAS 34 Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other Matter

We have not audited the non-financial information, any future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to Annual Financial Statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Grindrod Limited and the auditor's report thereon. The summarised financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

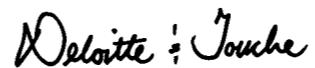
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 April 2020. That report also includes, the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Registered Auditor
Per: MH Holme CA (SA), RA
Partner
24 April 2020

Deloitte Place, 2 Pencarrow Crescent,
Pencarrow Park, La Lucia Ridge Office Estate,
La Lucia 4051, Durban

SUMMARISED CONSOLIDATED INCOME STATEMENT

as at 31 December 2019

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Continuing operations		
Revenue	3 834 459	3 466 580
Trading profit	1 096 928	1 274 607
Depreciation and amortisation	(501 468)	(462 158)
Expected credit losses	(68 355)	(403 118)
Operating profit before interest and taxation	527 105	409 331
Non-trading items	(97 353)	(482 560)
Interest received	157 343	246 420
Interest paid	(299 201)	(150 596)
Profit before share of joint venture and associate companies' profit	287 894	22 595
Share of joint venture companies' profit after taxation	58 636	203 616
Share of associate companies' profit after taxation	9 714	8 005
Profit before taxation	356 244	234 216
Taxation	9 114	(180 410)
Profit for the year from continuing operations	365 358	53 806
Discontinued operations		
(Loss)/ profit after taxation from discontinued operations	(707 534)	2 893 165
(Loss)/ profit for the year	(342 176)	2 946 971
Attributable to:		
Ordinary shareholders	(407 659)	2 872 906
From continuing operations	299 875	(20 259)
From discontinued operations	(707 534)	2 893 165
Preference shareholders	66 044	65 682
Owners of the parent	(341 615)	2 938 588
Non-controlling interests	(561)	8 383
From continuing operations	(561)	8 383
Total	(342 176)	2 946 971
Basic earnings/ (loss) per share: (cents)		
From continuing operations	44.1	(2.7)
From discontinued operations*	(104.0)	384.8
Total	(59.9)	382.1
Diluted earnings/ (loss) per share (cents)		
From continuing operations	44.0	(2.7)
From discontinued operations	(104.0)	382.2
Total	(60.0)	379.5

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. Refer to basis of preparation. In addition the prior year income statement has been restated to separately disclose the expected credit loss recognised for the year that was previously included in trading profit.

HEADLINE EARNINGS RECONCILIATION AND DIVIDEND INFORMATION

as at 31 December 2019

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Reconciliation of headline earnings		
(Loss)/ profit attributable to ordinary shareholders	(407 659)	2 872 906
Adjusted for:	462 952	(2 082 215)
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	37 606	585 813
Net loss/ (profit) on disposal of investments	39 759	(7 900)
Net profit on disposal of plant, terminals, machinery, vehicles and equipment	(2 276)	(75 849)
Gain on bargain purchase	-	(17 357)
Impairment of investments	23 544	-
Foreign currency translation reserve release	(1 281)	(173)
Joint ventures and associates:		
Net gain on disposal of plant and equipment	(2 964)	(2 758)
Impairment of intangibles, vehicles and equipment	140 105	-
Discontinued operations:		
Net disposal of investments	(453)	(188 593)
Impairments of ships, intangibles, vehicles and equipment	30	28 486
Loss on remeasurement to fair value less costs to sell	238 000	411 488
Foreign currency translation reserve release	455	(2 830 332)
Impairment of goodwill	-	832
Reversal of impairment of investment	-	(2 675)
Net loss on disposal of plant and equipment	(359)	(1 919)
Total taxation effects of adjustments	(9 214)	18 722
Headline earnings	55 293	790 691
Continuing operations	525 154	480 239
Discontinued operations	(469 861)	310 452
Ordinary share performance		
Number of shares in issue less treasury shares**	(000s)	680 284
Weighted average number of shares (basic)	(000s)	680 442
Diluted weighted average number of shares	(000s)	681 304
Headline earnings per share from continuing operations: (cents)		
Basic		77.2
Diluted		77.1
Headline (loss)/ earnings per share from discontinued operations (cents)		
Basic		(69.1)
Diluted		(69.0)
Dividends per share – interim (cents)		5.0
Dividends per share – final (cents)		14.2
Dividend cover (headline)*** (times)		4.0

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. Refer to basis of preparation.

** In the prior year, 8.7 million shares were bought back and 64.0 million shares treated as treasury shares following consolidation of the B-BBEE consortium entity.

*** In 2018, dividend cover was based on second-half earnings from continuing operations.

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

as at 31 December 2019

	Audited	
	31 December 2019 R000	31 December 2018 R000*
(Loss)/ profit for the year	[342 176]	2 946 971
Other comprehensive (loss)/ income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	[83 031]	855 396
Net movement in cash flow hedges	-	186
Items that will not be subsequently reclassified to profit or loss		
Actuarial (losses)/ gains**	[10 327]	[17 850]
Fair value gain/ (loss) arising on available-for-sale instruments**	4 773	1 755
Total comprehensive (loss)/ income for the year	[430 761]	3 786 458
Total comprehensive (loss)/ income attributable to:		
Owners of the parent	[428 853]	3 776 105
Non-controlling interests	[1 908]	10 353
	[430 761]	3 786 458

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. Refer to basis of preparation.

** Net of taxation

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Audited		
	31 December 2019 R000	31 December 2018 R000*	31 December 2017 R000*
Property, terminals, machinery, vehicles, equipment and right-of-use assets	2 962 142	2 758 842	2 523 854
Intangible assets	772 861	701 975	710 909
Investments in joint ventures	2 348 145	2 776 105	2 347 978
Investments in associates	92 917	970 815	867 154
Deferred taxation	98 910	60 945	59 313
Loans and advances	4 263 948	4 329 050	4 041 022
Preference share investments by trust	644 900	100 000	194 473
Other investments and investment property	2 393 694	1 873 787	2 389 218
Total non-current assets	13 577 517	13 571 519	13 133 921
Loans and advances	4 166 910	3 668 055	3 329 348
Liquid assets and short-term negotiable securities	2 478 941	2 825 285	1 730 384
Bank balances and cash	4 729 850	4 077 056	8 978 133
Preference share investments by trusts	482 544	941 000	1 141 000
Other current assets**	1 503 721	2 193 219	2 243 444
Total current assets	13 361 966	13 704 615	17 422 309
Non-current assets held for sale	985 892	298 349	8 445 383
Total assets	27 925 375	27 574 483	39 001 613
Shareholders' equity	8 808 254	9 430 628	13 955 235
Non-controlling interests	[71 653]	52 280	39 094
Total equity	8 736 601	9 482 908	13 994 329
Interest-bearing borrowings	1 193 108	1 317 315	1 123 841
Financial Services funding instruments	1 117 838	494 182	230 660
Deferred taxation	136 296	221 415	240 869
Deposits from Bank customers	352 757	340 159	78 297
Participatory contribution from Bank customers	77 544	60 670	1 870
Other non-current liabilities***	56 228	62 459	66 199
Total non-current liabilities	2 933 771	2 496 200	1 741 736
Deposits from Bank customers	10 827 608	10 166 245	14 562 066
Current interest-bearing borrowings	1 682 318	1 828 906	584 289
Current portion of bank and private equity funding	535 009	368 895	638 953
Current portion of participatory contribution	1 646 732	1 653 454	1 889 589
Other liabilities****	1 563 336	1 509 255	1 298 439
Total current liabilities	16 255 003	15 526 755	18 973 336
Non-current liabilities associated with assets held for sale	-	68 620	4 292 212
Total equity and liabilities	27 925 375	27 574 483	39 001 613
Net worth per ordinary share – at book value (cents)	1 175	1 285	1 763
Net debt/ (cash): equity ratio	0.01:1	[0.04]:1	[0.05]:1
Capital expenditure	455 511	678 683	389 472

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. Refer to basis of preparation.

** Other current assets include inventory, trade and other receivables and taxation

*** Other non-current liabilities include financial liabilities, post-retirement medical aid provisions and other provisions

**** Other current liabilities include trade and other payables, taxation and dividends payable

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

as at 31 December 2019

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Operating profit from continuing operations	527 105	409 331
Operating profit from discontinued operations	-	225 975
Non-cash adjustments	391 698	266 812
Operating profit before working capital changes	918 803	902 118
Working capital changes	100 359	(101 674)
Cash generated from operations	1 019 162	800 444
Net interest paid	(172 215)	(43 392)
Net dividends (paid)/ received	(134 385)	30 624
Taxation paid	(122 862)	(204 223)
	589 700	583 453
Net deposits from/ [advances to] customers and other short-term negotiables	(252 414)	(5 744 213)
Capital expenditure on ships	-	(242 244)
Net cash flows generated from/ [utilised in] operating activities	337 286	(5 403 004)
Net movement in acquisition of property, terminals, machinery, intangible assets, vehicles and equipment	(139 459)	(202 185)
Net movement in acquisition of investments	(43 742)	276 970
Net movement on disposal of non-current assets held for sale	305 331	(486 872)
Funds (advanced to)/ repaid by joint venture and associate companies	(29 961)	216 815
Net cash flows utilised in investing activities	92 169	(195 272)
Acquisition of treasury shares	(2 737)	(57 953)
Net movement in long-term funding	(296 061)	(424 166)
Net cash flows generated/ [utilised] in financing activities	(298 798)	(482 119)
Net increase/ (decrease) in cash and cash equivalents	130 657	(6 080 395)
Cash and cash equivalents at the beginning of the year	3 639 237	9 566 240
Difference arising on translation	(11 135)	153 392
Cash and cash equivalents at the end of the year	3 758 759	3 639 237

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. Refer to basis of preparation.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2019

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Ordinary and preference share capital and share premium	3 982 066	3 977 456
Balance at the beginning of the year	3 977 456	5 992 756
Share options vested	7 347	20 615
Return of share capital	-	(1 584 362)
Adjustment arising on consolidation of B-BBEE structure	-	(393 600)
Treasury shares acquired	(2 737)	(57 953)
Equity compensation reserve	56 471	54 991
Balance at beginning of the year	54 991	58 364
Share-based payments	8 827	18 990
Share options vested	(7 347)	(20 615)
Balance disposed on Shipping spin-off	-	(1 748)
Foreign currency translation reserve	1 448 588	1 529 560
Balance at the beginning of the year	1 529 560	3 505 281
Foreign currency translation realised	1 281	(2 830 505)
Foreign currency translation adjustments	(82 253)	854 784
Other non-distributable statutory reserves	[43 068]	[43 637]
Balance at the beginning of the year	[43 637]	[43 566]
Foreign currency translation adjustments	569	(1 355)
Financial instrument hedge settlement	-	186
Fair value adjustment on hedging reserve	-	14 068
Business combination acquisition	[22 265]	-
Business combination disposal	22 265	(12 970)
Accumulated profit	3 364 197	3 912 258
Balance at the beginning of the year	3 912 258	4 442 400
Transitional provision – implementation of IFRS 9 and 15	-	(33 217)
Other comprehensive income from available for sale financial instruments	4 773	1 755
Adjustment arising on consolidation of B-BBEE structure	-	(696 650)
Actuarial losses recognised	(10 327)	(17 850)
(Loss)/ profit for the period	(341 615)	2 938 588
Ordinary dividends paid**	(134 848)	(2 657 086)
Preference dividends paid***	(66 044)	(65 682)
Total interest of shareholders of Grindrod	8 808 254	9 430 628
Equity attributable to non-controlling interests of Grindrod	[71 653]	52 280
Balance at the beginning of the year	52 280	39 094
Foreign currency translation adjustments	(1 347)	1 970
Disposal of non-controlling interest	22 265	-
Non-controlling interest acquired	(139 472)	7 505
(Loss)/ profit for the period	(561)	8 383
Ordinary dividends paid	(4 818)	(4 672)
Total equity attributable to all shareholders of Grindrod	8 736 601	9 482 908

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. Refer to basis of preparation.

** In the prior year, 8.7 million shares were brought back by the Group and 64.0 million shares were treated as treasury shares following consolidation of the B-BBEE structure.

*** In the prior year, dividend cover was based on second-half earnings.

SEGMENTAL ANALYSIS FOR CONTINUING OPERATIONS

as at 31 December 2019

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Revenue		
Port and Terminals	1 151 844	925 479
Logistics	3 272 575	2 858 613
Bank	350 326	565 555
Group	119 077	166 435
	4 893 822	4 516 082
Segmental adjustments**	(1 059 363)	(1 049 502)
	3 834 459	3 466 580
Trading profit		
Port and Terminals	458 316	305 748
Logistics	854 716	820 491
Bank	94 164	183 464
Group	55 752	166 892
	1 462 948	1 476 595
Segmental adjustments**	(434 375)	(605 106)
	1 028 573	871 489
Operating profit/ (loss) before interest and taxation		
Port and Terminals	329 318	182 558
Logistics	345 484	347 544
Bank	80 106	168 597
Group and other services	28 068	123 691
	782 976	822 390
Segmental adjustments**	(255 871)	(413 059)
	527 105	409 331
Share of associate companies' profit/ (loss) after taxation		
Port and Terminals	71 535	62 059
Logistics	(186)	1 331
	71 349	63 390
Segmental adjustments**	(61 635)	(55 385)
	9 714	8 005
Profit/ (loss) attributable to ordinary shareholders		
Port and Terminals	175 235	139 562
Logistics	133 694	(508 171)
Bank	83 407	110 591
Group and other services	(92 461)	237 759
	299 875	(20 259)
Segmental adjustments**	-	-
	299 875	(20 259)

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. Refer to basis of preparation.

** For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby effective share of the Group's ownership is applied to each line item above. In the consolidated Annual Financial Statements (IFRS presentation), investments in joint ventures are equity accounted. Segmental adjustments relate to effects of proportionate consolidation to reconcile to IFRS presentation.

SUMMARISED INCOME STATEMENT FOR DISCONTINUED OPERATIONS

as at 31 December 2019

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Revenue		
Trading profit	-	1 881 548
Depreciation and amortisation	-	225 975
Operating profit before interest and taxation	-	225 975
Non-trading items	(492 131)	3 005 952
Loss on re-measurement to fair value less costs to sell	(238 000)	(431 032)
Interest received	-	24 841
Interest paid	-	(68 965)
(Loss)/ profit before share of joint venture and associate companies' (loss)/ profit	(730 131)	2 756 771
Share of joint venture companies' profit after taxation	8 132	37 657
Share of associate companies' profit after taxation	14 465	122 641
(Loss)/ profit before taxation	(707 534)	2 917 069
Taxation	-	(23 904)
(Loss)/ profit for the year	(707 534)	2 893 165
Attributable to:		
Owners of the parent	(707 534)	2 893 165
Non-controlling interests	-	-
	(707 534)	2 893 165

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. Refer to basis of preparation.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2019

1. Foreign currency denominated items

The statement of financial position of the foreign operations is translated at the closing rate of exchange indicated below and the income statement is translated at the average exchange rate.

Exchange rates (ZAR/ US\$)

	2019	2018
Opening exchange rate	14.38	12.39
Closing exchange rate	14.00	14.38
Average exchange rate	14.46	13.23

2. Revenue

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Revenue category		
Bulk terminals	500 357	400 528
Container handling	1 376 078	1 195 215
Logistics and rail services	972 365	850 070
Net interest income of Bank	121 730	270 011
Fee income of Bank	228 596	188 835
Ship agency income	381 973	301 901
Other services	253 360	260 020
	3 834 459	3 466 580

* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements. Refer to the basis of preparation.

3. Preference share investment trusts

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Preference share assets	1 127 444	1 041 000
Split as follows		
Non-current	644 900	100 000
Current	482 544	941 000
Participatory contributions	(1 724 276)	(1 714 124)
Split as follows		
Non-current	(77 544)	(60 670)
Current	(1 646 732)	(1 653 454)

3. Preference share investment trusts continued

The Grindrod Investment Trust (GIT) and the Grindrod Preference Share Investment Trust (GPSIT) source cumulative preference shares from a limited pool of credit suitable issuers. Potential investors are approached, and the trusts enter into participation agreements with these investors in terms of which the investors make contributions to the trusts and the trusts use the contributions to subscribe for cumulative preference shares.

The investors, who become vested beneficiaries of the trusts, have an irrevocable right, title and interest in and to the cashflows arising from the underlying preference shares held by the trusts. Investors carry the credit risk of the underlying preference shares. Investors have shorter maturity dates, in general, compared to the contract duration of the preference share investment made by the trusts. The trusts manage the arising liquidity mismatch in the ordinary course of their business.

GFS Holdings Proprietary Limited and Grindrod Property Private Equity Proprietary Limited, wholly owned subsidiaries of Grindrod Limited, issued cumulative preference shares to the GIT of R600 million in its respective statements of financial position as at 31 December 2019 (2018: R350 million). Grindrod Bank Limited invests in the GIT on a nominal basis but had no contribution balance with the GIT as at the end of 31 December 2019 (2018: R0.3 million).

4. Fair value classification

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable or based on observable inputs:

- **Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities.
- **Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Levels 2 and 3 fair values were determined by applying either a combination of, or one of the following, valuation techniques:

- Projected unit method; and/or
- Market value; and/or
- The net asset value of the underlying investments; and/or
- A price earnings multiple or a discounted projected income/ present value approach; and/or
- Market-related interest rate yield curves to discount expected future cash flows; and/or
- Any additional revenue arrangements valued per the specified arrangement based on the specified underlying asset. The specified underlying assets include property and unlisted investments supported by management valuation.

The fair value measurement based on income approach valuation uses key inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management reassesses the earnings or yield multiples at least annually based on their assessment of the macro and microeconomic environments.

Notes to the summarised consolidated financial statements continued

4. Fair value classification continued

	2019					
	Fair value					
	Carrying value	Level 1	Level 2	Level 3	Amortised cost	Other non-financial instruments
Financial instruments						
Cash and cash equivalents	4 729 850	-	-	-	4 729 850	-
Other investments	2 302 071	178 437	132 211	1 679 685	311 738	-
Preference shares linked to participatory contributions	1 127 444	-	-	-	1 127 444	-
Loans and advances*	8 430 858	-	967 888	2 466 627	4 996 343	-
Trade and other receivables	1 357 062	-	-	-	1 167 226	189 836
Borrowings	(4 528 278)	-	-	-	(4 528 278)	-
Derivative financial liabilities	(23 422)	-	(23 422)	-	-	-
Trade and other payables	(1 479 487)	-	-	-	(1 227 914)	(251 573)
Participatory contributions	(1 724 276)	-	-	-	(1 724 276)	-
Deposits from bank customers	(11 180 365)	-	-	-	(11 180 365)	-
Non-Financial instruments						
Investment property	91 618	-	-	91 618	-	-
Provision for post-retirement medical aid	(22 724)	-	(22 724)	-	-	-
Provisions	(10 082)	-	(10 082)	-	-	-
Total	178 437	1 043 871	4 237 930	(6 328 232)	(61 737)	

* Current year includes reallocations from amortised cost to level 3 as detailed in the level 3 reconciliation below.

	2018					
	Fair value					
	Carrying value	Level 1	Level 2	Level 3	Amortised cost	Other non-financial instruments
Financial instruments						
Cash and cash equivalents	4 077 056	-	-	-	4 077 056	-
Other investments	1 753 674	138 629	134 230	1 176 723	304 092	-
Preference shares linked to participatory contributions	1 041 000	-	-	-	1 041 000	-
Loans and advances*	7 997 105	-	796 918	1 803 009	5 397 178	-
Trade and other receivables	2 025 413	-	-	-	1 885 611	139 802
Borrowings	(4 706 990)	-	-	-	(4 706 990)	-
Derivative financial liabilities	(7 911)	-	(7 911)	-	-	-
Trade and other payables	(1 407 495)	-	-	-	(1 058 391)	(349 104)
Participatory contributions	(1 714 124)	-	-	-	(1 714 124)	-
Deposits from bank customers	(10 506 404)	-	-	-	(10 506 404)	-
Non-Financial instruments						
Investment property	120 113	-	120 113	-	-	-
Provision for post-retirement medical aid	(25 510)	-	(25 510)	-	-	-
Provisions	(29 038)	-	(29 038)	-	-	-
Total	138 629	868 689	3 099 845	(5 280 972)	(209 302)	

* The prior year classification between amortised cost and fair value has been restated.

Fair value gains recognised in the summarised consolidated income statement and summarised consolidated statement of other comprehensive income for Level 3 financial instruments were R243.4 million (2018: R374.8 million).

	Audited	
	31 December 2019 R000	31 December 2018 R000*
Reconciliation of level 3 fair value measurement		
Opening balance	3 099 845	1 427 617
IFRS 9 implementation	-	1 388 959
Transfers	417 401	5 657
Purchases	1 289 941	174 102
Settlements	(741 145)	(271 290)
IFRS 10 eliminations	(71 557)	-
Total gains recognised/ (losses) in		
Summarised consolidated statement of other comprehensive income	4 434	(2 734)
Summarised consolidated income statement	239 011	377 534
Closing balance	4 237 930	3 099 845

In the current year, the Group reassessed all its loans and advances taking into account acquisition of profit share components and the realisable value of the loan together with the recoverability of Grindrod's investment in the underlying entities. As a result, these loans were considered to be fair value loans and reclassified from loans and advances to level 3 fair valued loans.

Notes to the summarised consolidated financial statements continued

4. Fair value classification continued

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for material investments:

Material investment	Fair value at 31 Dec 2019 R000	Fair value at 31 Dec 2018 R000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Private equity	251 707	229 091	Net asset value	Based on net asset value	Based on net asset value	Net value asset equates to market value
Medical	225 591	217 166	Discounted cash flow	Perpetuity Growth Discount rate	6.5% – 7.5% 12.6% – 13.6%	Increase perpetuity growth to 7.5% and increased WACC to 13.63% would decrease FV to R219 374 Decrease perpetuity growth to 6.5% and decreased WACC to 12.63% would increase FV to R231 835
Asset financing	175 818	95 822	Multiple approach	PE Multiple	5.3x – 7.3x	Increased PE multiple to 7.3x would increase FV to R203 800 Decreased PE multiple to 5.3x would decrease FV to R147 800
Asset financing	60 662	24 198	Net asset value	Based on net asset value	Based on net asset value	Based on net asset value
North coast property loans	1 420 730	1 178 101	Underlying security valuation	Discount rate Growth rate	Per expert valuation	Independent valuations range between R2.4 billion and R2.8 billion for the combined properties
Loans and advances	1 151 241	1 672 857	Discounted cash flow ¹	Credit spread		Increase in of 100bps – [R14 465] Decrease in of 100bps – R14 892

¹ The loans are valued by forecasting the future interest rate by forecasting the forward interest rate on the contractually referenced floating interest rate curve and adding the contractual fixed inception credit spread. This future interest rate is applied to the nominal or carrying amount of the loan. The interest and capital cash flows are discounted using the Prime or JIBAR swap yield curves back to the valuation date. An appropriate credit spread is generally added to the curve used for discounting purposes to reflect the current credit risk associated with the borrower. If the borrower of the loan has had no change in credit risk profile since inception, the inception credit spread is applied.

Valuation process

The Group's finance and corporate finance teams perform valuations on certain assets which are required for financial reporting purposes. The valuation input, assumptions, methodology and outputs are then challenged and debated with the Group Financial Director prior to approval. Teams present their valuations to the Chief Financial Officer (CFO) who interrogates the methodology used and the assumptions applied in the valuations. Discussions of valuation processes and results are held between the CFO and the respective teams at least once every six months, in line with the Group's half-yearly reporting periods. Any resulting adjustments to the carrying value will follow the internal approval process. North coast properties, being security on the lending, are assessed by an independent valuation professional.

The main level three inputs used by the Group in measuring the fair value of financial instruments are:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risks adjustments: these are specific to the counterparties (including assumptions about credit default rates) and are derived from the market assumptions on the operational environment and other factors affecting the investment
- Earnings growth factor for unlisted investments: these are estimated based on market information for similar types of companies or historical growth patterns

5. Related party transactions

During each year, the Group, in the ordinary course of business, enters into various transactions with related parties. Parties are related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions are entered into under terms that are no more or less favourable than those entered into with the external third parties.

Below is a list of significant related party transactions and balances for each year:

Nature of relationship	Audited	
	31 December 2019 R000	31 December 2018 R000
Goods and services sold to:		
Vitol Shipping Singapore Private Limited	Joint venture	–
Guarantee Fee income	Associates	18 580
Interest earned on loans to associates	Associates	207 868
Goods and services purchased from:		
Cockett Marine Oil Private Limited	Joint venture	(123 216)
Amounts due from related party:		
Cockett Marine Oil Private Limited	Joint venture	1 823
GPR Leasing Africa	Joint venture	145 581
Loans to associates	Associates	1 994 864
Property owning entities		526 139
Investment entities		512 888
Private equity portfolio		517 272
Directors (directly or indirectly)	Directors and key officers	951 453
Directors (directly or indirectly)	Directors and key officers	3 879
Interests held by directors:		
D Polkinghorne	Indirect shareholding in various Grindrod entities	<2%
D Polkinghorne	Direct shareholding in SIRE (UK)	<2%
Various directors	Grindrod Limited ordinary and preference shares	0.14
		0.10

6. Contingent assets/ liabilities

The Group guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 192.1 million (December 2018: R3 920.8 million) of which R2 180.4 million (December 2018: R1 223.4 million) had been utilised at the end of the period.

Due to the significant restructuring, sale and disposal processes over the last few years, there are potential legal and compliance risks, which may result in potential exposures.

Notes to the summarised consolidated financial statements continued

7. Capital expenditure and commitments

Capital expenditure	Capital commitments Split as follows						Acquiree's carrying amount before combination at fair value R'000
	Rmillion	2019	2020	2021	2022	Approved not contracted	Approved and contracted
Continuing operations	456	360	3	7	206	156	
Port and Terminals	98	102	–	–	102	–	
Logistics	356	258	3	7	104	156	
Bank	2	–	–	–	–	–	
Split as follows:							
Subsidiaries	388	360	3	–	206	156	
Joint ventures	68	–	–	–	–	–	

Total capital and investment expenditure were R456.0 million (2018: R176.0 million), of which 73% was expansionary and the balance maintenance or replacement capital expenditure.

	December 2019 R'000	December 2018 R'000
Capital commitments	362 404	447 264
Authorised by directors and contracted for – due within one year	156 194	19 202
Authorised by directors not yet contracted for	206 210	428 062

8. Business combinations

Acquisition of subsidiaries:

During the year, and following IFRS 10 control assessment of its investments, the Group controls the following entities and as a result is required to account for them as acquisition in terms of IFRS 3 Business Combinations. Investment in these businesses were previously held as part of the Group's private equity book and accounted for at fair value. The initial accounting of these acquisitions has only been provisionally determined at the end of the reporting period as the intangible asset is still being determined.

Company acquired	Nature of business	Percentage acquired	Date acquired	Purchase consideration
Innovative Strategic Investments 1 Proprietary Limited	Corporate branding and signage	49%	1 July 2019	–
Loniwiz RF Proprietary Limited	Investment holding	33%	31 December 2019	–

Reasons for the consolidation:

During the current year, the Group supported private equity investments with financial assistance, debt restructuring, appointment of key personnel and other activities. The level of involvement by Grindrod necessitated an assessment of control over these entities in terms of IFRS 10 Consolidated Financial Statements. IFRS 10 requires an entity to determine if an investor has control over an investee based on various factors and not only the equity ownership. The level of influence created by Grindrod due to financial and operational assistance resulted in control over the entities.

Impact of the acquisition on the results of the Group:

From the dates of their acquisition, the acquired businesses contributed losses of R5.0 million and revenue of R68.2 million at Grindrod effective share.

Net assets acquired	Acquiree's carrying amount before combination at fair value R'000
Property, terminals, machinery, vehicles and equipment	59 466
Inventory	23 796
Trade and other receivables	20 897
Non-controlling interests	139 475
Cash and bank	1 999
Other investments	60 281
Loans and advances	(60 247)
Long-term debt	(244 598)
Current liabilities	(80 672)
Other liabilities	(2 409)
Fair value of assets and liabilities	(82 012)
Goodwill	82 012
Total purchase consideration	–

9. Restatement

Financial results for 2018 have been re-presented for the following:

- The intended disposal of the Marine Fuel and Agricultural logistics, and continuation of the Rail leasing business in accordance with the provisions of the IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

Financial results for 2018 have been restated for the following:

- The adoption of IFRS 16 Leases in the current year using a retrospective approach. The restatement resulted in the recognition of right of use assets and corresponding lease liabilities for all open leases in 2018 and 2019 which are longer than a year. The major make-up of the right of use assets for the Group relate to port concessions, vessel charters and leased facilities. This change in accounting policy is detailed below.
- Two trusts, Grindrod Investment Trust (GIT) and Grindrod Preference Share Investment Trust (GPSIT), were assessed as controlled by Grindrod Bank Limited in terms of IFRS 10 Consolidated Financial Statements due to Grindrod Bank's ability to appoint trustees, share in the residual value of the trusts and the fact that the trusts own the preference shares. The investors in the trusts carry the credit risk of the preference shares and do not have the ability to appoint or remove the asset manager. This prior period error has been rectified as indicated below.
- Grindrod's United Kingdom property portfolio incorrectly included a bank and cash balance in 2018. The reclassification impacted the 2018 consolidated statement of financial position by GBP13 million (R253 million) between other investments and bank and cash.
- Grindrod Bank accounts for certain fee income over the life of the financial instrument in accordance with IFRS 9. This fee receivable was erroneously disclosed separately in other assets instead of being capitalised to the financial instrument and disclosed under loans and advances. In addition the loan and advances and deposits to bank customers was split between current and long-term portion in the balance sheet.
- The 2018 income statement has been restated to separately disclose the expected credit loss recognised for the year. This was previously included in trading profit and has been reclassified from trading profit.

Notes to the summarised consolidated financial statements continued

9. Restatement continued

- The Bank did not comply with IFRS 13 Fair Value Measurements when measuring its portfolio of loans classified at fair value. This resulted in the Bank erroneously recognising and disclosing Expected Credit Losses (ECLs) on fair value loans in the statement of financial position. The correction did not have any impact on the income statement and statement of financial position as the fair value adjustment presented when applying ECL principles (as a proxy) was not materially different from the IFRS 13 fair value adjustment.

The impact of the above restatements and re-presentations are as follows:

	Earnings R'000	Headline earnings R'000	EPS [cents]	HEPS [cents]
Continuing Operations				
December 2018 results previously reported	803 411	716 574	106.9	95.3
IFRS 5 – Rail Leasing business continuing	[609 992]	[46 533]	[81.1]	[6.2]
IFRS 5 – Marine Fuel and Agricultural investments	(148 689)	(124 813)	(19.9)	(16.6)
IFRS 10 – Consolidation of GIT, GPSIT and UK property	–	–	–	–
IFRS 16 – Effect of leases	[64 989]	[64 989]	[8.6]	[8.6]
December 2018 re-presented and restated results	(20 259)	480 239	(2.7)	63.9
Discontinued Operations				
December 2018 results previously reported	2 041 870	(250 371)	271.6	(33.3)
IFRS 5 – Rail Leasing business continuing	609 992	46 533	81.1	6.2
IFRS 5 – Marine Fuel and Agricultural investments	148 689	124 814	19.9	16.7
IFRS 10 – Consolidation of GIT, GPSIT and UK property	–	–	–	–
IFRS 16 – Effect of leases	92 614	389 478	12.2	51.8
December 2018 re-presented and restated results	2 893 165	310 454	384.8	41.3

IFRS 16 amended the existing accounting standards to require lessees to recognise, on a discounted basis, the rights and obligations created by the commitment to lease assets on the statement of financial position, unless the term of the lease is less than 12 months or of low value. Accordingly, the standard resulted in the recognition of right of use assets and corresponding liabilities on the basis of the discounted remaining future minimum lease payments relating to existing and new time chartered-in vessel commitments; rental agreements relating to office and residential properties that were previously reported as operating leases and long-term port and terminal concession, mainly in Mozambique, adjusted for prepayments and accrued lease payments.

The Group transitioned to IFRS 16 in accordance with the full retrospective approach on 01 January 2018 as detailed below. Comparatives for the 2018 financial year have been restated. Lease expenses will no longer be recorded in operating profits but have been replaced by depreciation and interest expenses.

The weighted average incremental borrowing rates applied was based on the US Dollar London Inter-bank Offered Rate (LIBOR) or prime rates of interest adjusted for risk factors. All right of use assets will be depreciated on a straight-line basis over the term of each lease.

The consolidation of two trusts, Grindrod Investment Trust (GIT) and Grindrod Preference Share Investment Trust (GPSIT), were assessed as controlled by Grindrod Bank Limited in terms of IFRS 10 Consolidated Financial Statements due to Grindrod Bank's ability to appoint trustees, share in the residual value of the trusts and the fact that the trusts own the preference shares. The Group's United Kingdom property portfolio was assessed as controlled by the Group in terms of IFRS 10 Consolidated Financial Statements. The portfolio was previously recognised as an investment in associate, resulting in a classification error between investments in associates and other statement of financial position balances.

The impact on the Statement of Financial Position as at 01 January 2018 (date of initial application) for IFRS 16 and the consolidation of the trusts are as follows:

	Previously reported as at 31 December 2017 R'000	Adoption of IFRS 16 R'000	Consoli- dation R'000	Classi- fication R'000	Adjusted balance at 1 January 2018 R'000
Property, terminals, machinery, vehicles, equipment and right-of-use assets	1 478 003	1 045 851	–	–	2 523 854
Intangible assets	710 909	–	–	–	710 909
Investment in joint ventures and associates	3 320 450	(105 318)	–	–	3 215 132
Other investments	2 389 218	–	–	–	2 389 218
Preference share trust	–	194 473	–	194 473	–
Loans and advances – non current	–	–	–	4 041 022	4 041 022
Deferred taxation	59 313	–	–	–	59 313
Total non-current assets	7 957 893	940 533	194 473	4 041 022	13 133 921
Loans and advances – current	7 149 198	–	–	(3 819 850)	3 329 348
Liquid assets and short-term negotiable assets	1 763 875	–	(33 491)	–	1 730 384
Trade and other receivables	2 466 331	–	(1 715)	(221 172)	2 243 444
Bank and cash	8 970 274	–	7 859	–	8 978 133
Current portion of preference share investment trust	–	–	1 141 000	–	1 141 000
Non-current assets held for sale	6 641 399	1 803 984	–	–	8 445 383
Total assets	34 948 970	2 744 517	1 308 126	–	39 001 613
Shareholders' equity	(14 152 823)	197 588	–	–	(13 955 235)
Non-controlling interests	(44 659)	5 565	–	–	(39 094)
Total equity	(14 197 482)	203 153	–	–	(13 994 329)
Interest-bearing borrowings	(295 429)	(828 412)	–	–	(1 123 841)
Long-term bank and private equity funding	(720 137)	–	489 477	–	(230 660)
Deferred taxation	(244 655)	3 786	–	–	(240 869)
Deposits from Bank customers – non current	–	–	(78 297)	(78 297)	–
Participatory contribution from Bank customers	–	–	(1 870)	(1 870)	–
Other non-current liabilities	(66 199)	–	–	–	(66 199)
Total non-current liabilities	(1 326 420)	(824 626)	487 607	(78 297)	(1 741 736)
Deposits from Bank customers	(14 640 363)	–	–	78 297	(14 562 066)
Current interest-bearing borrowings	(349 881)	(234 408)	–	–	(584 289)
Current portion bank and private equity funding	(738 953)	–	100 000	–	(638 953)
Other liabilities	(1 300 360)	8 065	(6 144)	–	(1 298 439)
Current portion of participatory contribution from Bank customers	–	–	(1 889 589)	–	(1 889 589)
Non-current liabilities associated with assets held for sale	(2 395 511)	(1 896 701)	–	–	(4 292 212)
Total equity and liabilities	(34 948 970)	(2 744 517)	(1 308 126)	–	(39 001 613)

Notes to the summarised consolidated financial statements continued

9. Restatement continued

	Previously reported as at 31 December 2017 R000	Adoption of IFRS 16 R000	Consoli- dation R000	Classi- fication R000	Adjusted balance at 1 January 2018 R000
Impact on 2018 cash flow statement					
Cash flow statement:					
Net cash flows from operating activities	(6 081 518)	573 592	104 922	-	(5 403 004)
Net cash flows from investing activities	(448 564)	-	253 292	-	(195 272)
Net cash flows from financing activities	197 558	(573 592)	(106 085)	-	(482 119)
Net increase/ (decrease) in cash and cash equivalents	(6 332 524)	-	252 129	-	(6 080 395)

10. Subsequent events

Introduction

Grindrod has established a task team to monitor the impacts of COVID-19 on our people and business, provide guidance, and implement necessary measures. These measures are in accordance with the guidelines provided by the World Health Organisation (WHO) and the National Institute for Communicable Disease (NICD). We are also guided by the pronouncements and recommendations from the President of South Africa and the relevant government departments, particularly health, transport energy and mineral resources and we continue to monitor developments. The health and safety of our employees come first.

COVID-19 Impact

Grindrod's reporting date is 31 December 2019 and the first case of a positive infection in South Africa was only confirmed in March, the event and its impact has been treated as a non-adjusting subsequent event.

Whilst it is currently not possible to quantify the future impact the virus will have on the business due to the fluidity and uncertainty surrounding the situation, there are areas that will be impacted. Should the impact of the virus become material and quantifiable, Grindrod will provide the necessary guidance to the market through SENS.

Revenue

At our Port and Terminals, and Logistics businesses, we expect revenue in April to be impacted. The extent of the impact will depend on the duration of the closure of the South African non-essential businesses and Mozambique border for mineral cargoes by rail and road transport. Early indications, however, reveal that the government may allow some dispensation for the mines to continue operating under strict conditions once they have secured the necessary approvals. This may mitigate impact on our Port and Terminals.

Our Container businesses are assisting with essential cargoes and are currently operating well below optimal levels. The non-essential cargoes inbound will be stored for later delivery.

Equally, our carrier businesses will be impacted. OEMs closed their operations and whilst we continue to store their vehicles, we have no carriers currently running. Capital spend at the Umlaas road Autoport project was suspended.

Although fuel is a critical commodity, we expect demand to drop markedly as less driving is expected. It is likely that this operation will close temporarily during the lockdown.

Rail locomotives leased to mines within South Africa which have called Force Majeure on certain contracts citing their inability to operate during the lock down period. In Mozambique, locomotives leased to port operations have been impacted with reduced volumes expected in April.

Private Equity and Property backed loans and advances

Valuations of Grindrod's private equity and property investments are likely to be impacted. There is downward risk on the north-coast property backed lending. Currently the underlying property is valued conservatively as agricultural property despite the borrower having secured the right to rezone it for residential, commercial or mixed use. Independent valuations of the underlying properties held as security for the advances indicate a range of between R1.9 billion and R3.3 billion whereas the total exposure to the Group is under R1.5 billion. Whilst markets remain uncertain on what the total impact of COVID-19 will be on South Africa, expectations are that the property market allows for more stable investment opportunities, particularly with the decrease in interest rates.

Grindrod's investment in the UK property market is also expected to be impacted. However, the UK government's extensive support for the economy and businesses is expected to limit the impact of the virus, and market expectations are that the UK economy will contract in quarter two of 2020 but rebound by late quarter four of 2020 or early 2021. (Source: Oxford Economics)

Bank advances and lending book

Grindrod Bank, together with the broader banking industry, is playing a critical role with relief measures in response to the expected increase in customer requests for loan restructures or temporary relief. The accounting and regulatory impacts on provisioning will be clarified in due course.

Disposal programme

As the focus of all businesses has shifted to their COVID-19 impact and responses, we expect that there may be delays in executing the disposal programme covering the remaining investments in the Marine Fuels and Agricultural Investments segment. The extent of the delays will only become clearer after the lockdown period and the direction taken by various jurisdictions emerges.

Balance sheet and liquidity

Grindrod is deploying its available cash on priorities during this time. Identified non-essential cost items, and projects are being deferred. The impact of lockdown on Grindrod's liquidity outlook is assessed continuously. Offshore cash is being repatriated into South Africa and banks engaged to secure additional headroom in the event of a prolonged period of low revenue. Grindrod Bank has sufficient headroom on its liquidity cover and capital adequacy ratios, and these metrics are being monitored closely.

SHAREHOLDERS' INFORMATION



- 226** Share analysis of ordinary shareholders
- 228** Share analysis of cumulative, non-redeemable, non-participating, non-convertible preference shares
- 229** Notice of the Annual General Meeting
- 239** Form of proxy
- 240** Notes to the form of proxy
- 241** Electronic participation in the Grindrod Annual General Meeting
- 242** Electronic participation application form
- 243** List of abbreviations
- 246** Grindrod information

SHARE ANALYSIS OF ORDINARY SHAREHOLDERS

as at 27 December 2019

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	5 032	72.43	7 238 314	0.95
5 001 to 10 000 shares	787	11.33	5 787 805	0.76
10 001 to 50 000 shares	759	10.92	15 676 137	2.05
50 001 to 100 000 shares	117	1.68	8 513 861	1.12
100 001 shares and over	253	3.64	725 337 197	95.12
	6 948	100.00	762 553 314	100.00
Non-public shareholders				
Directors of Grindrod	9	0.13	269 403 983	35.34
Treasury stock	6	0.09	1 041 671	0.14
Strategic holdings	1	0.01	18 269 443	2.40
Public shareholders	6 939	99.87	493 149 331	64.66
	6 948	100.00	762 553 314	100.00
Investor profile				
Banks and brokers	80	1.15	111 038 338	14.56
Close corporations	76	1.09	830 472	0.11
Empowerment	1	0.01	64 000 000	8.39
Endowment funds	19	0.27	999 913	0.13
Individuals	5 695	81.98	44 159 461	5.79
Insurance companies	31	0.45	14 960 348	1.96
Investment companies	1	0.01	209 926	0.03
Medical schemes	11	0.16	353 155	0.05
Mutual funds	105	1.51	131 078 579	17.20
Other corporations	31	0.45	158 624	0.02
Own holdings	1	0.01	18 269 443	2.40
Private companies	166	2.39	85 820 665	11.25
Public companies	3	0.04	100 752	0.01
Retirement funds	95	1.37	105 153 083	13.79
Strategic investor	1	0.01	173 183 235	22.71
Trusts	632	9.10	12 237 320	1.60
	6 948	100.00	762 553 314	100.00
Geographical breakdown				
South Africa	6 737	96.97	640 380 881	83.98
United States of America and Canada	21	0.30	49 196 914	6.45
United Kingdom	44	0.63	35 740 271	4.69
Rest of Europe	27	0.39	25 485 484	3.34
Rest of the World	119	1.71	11 749 764	1.54
	6 948	100.00	762 553 314	100.00

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Beneficial shareholders holding 5% or more				
Remgro			173 183 235	22.71
Grindrod Investments Proprietary Limited (Grindrod family)			76 909 634	10.09
Government Employees Pension Fund			72 311 452	9.48
PSG Konsult			69 048 034	9.05
Newshelf 1279 (RF) Proprietary Limited			64 000 000	8.39
			455 452 355	59.72
Top 10 Fund Managers				
PSG Asset Management			69 048 034	9.06
Public Investment Corporation			59 893 756	7.85
Marathon Asset Management			31 545 540	4.14
Sanlam Investment Management			23 460 046	3.08
Steyn Capital Management			23 361 670	3.06
Dimensional Fund Advisors			20 549 596	2.69
Investec Asset Management			17 823 397	2.34
Vanguard			15 519 665	2.04
First State Investments			9 686 487	1.27
BlackRock Investment Management			9 471 820	1.24
			280 360 011	36.77

SHARE ANALYSIS OF CUMULATIVE, NON-REDEEMABLE, NON-PARTICIPATING, NON-CONVERTIBLE PREFERENCE SHARES

as at 27 December 2019

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	1 558	83.67	2 027 170	27.40
5 001 to 10 000 shares	147	7.89	1 068 119	14.43
10 001 to 50 000 shares	137	7.36	2 417 903	32.68
50 001 to 100 000 shares	13	0.70	919 374	12.42
100 001 shares and over	7	0.38	967 434	13.07
	1 862	100.00	7 400 000	100.00
Non-public shareholders	1	0.05	1 609	0.02
Public shareholders	1 861	99.95	7 398 391	99.98
	1 862	100.00	7 400 000	100.00
Investor profile				
Banks and brokers	6	0.32	36 905	0.50
Close corporations	19	1.02	158 094	2.14
Endowment funds	14	0.75	115 205	1.56
Individuals	1 399	75.14	3 765 706	50.88
Insurance companies	4	0.21	216 947	2.93
Investment company	1	0.05	1 633	0.02
Mutual funds	42	2.26	949 808	12.84
Other corporations	7	0.38	45 033	0.61
Private companies	91	4.89	700 842	9.47
Public companies	1	0.05	178 390	2.41
Retirement funds	16	0.86	186 949	2.53
Trusts	262	14.07	1 044 488	14.11
	1 862	100.00	7 400 000	100.00
Geographical breakdown				
South Africa	1 848	99.25	7 388 385	99.85
United States of America and Canada	2	0.11	1 874	0.03
United Kingdom	1	0.05	919	0.01
Rest of Europe	5	0.27	5 499	0.07
Rest of the World	6	0.32	3 323	0.04
	1 862	100.00	7 400 000	100.00

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General Meeting of Grindrod Limited (Grindrod) will be held on Tuesday, 26 May 2020 at 14:00 for the purpose of considering and if deemed fit, passing with or without modification, according to the requirements of the Companies Act (the Act), as read with the JSE Listings Requirements and Grindrod's Memorandum of Incorporation (MOI), the ordinary and special resolutions as set out below.

Grindrod appointed The Meeting Specialist Proprietary Limited (TMS) to remotely host the Annual General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineers.

The minutes of the Annual General Meeting held on 28 May 2019 are available for inspection at the registered office of Grindrod until 16:00 on 22 May 2020.

1. Presentation of Annual Financial Statements and reports

- 1.1 To present the audited Annual Financial Statements for the financial year ended 31 December 2019, together with the reports of the Audit committee, the directors and the auditors.

The summarised consolidated financial statements for 2019 are set out on pages 204 to 223 of the integrated annual report. A copy of the full audited consolidated financial statements is available on Grindrod's website at www.grindrod.com.

- 1.2 To present the report of the Social and Ethics committee, set out on pages 164 to 166 of the integrated annual report.

2. Ordinary resolutions

2.1 Ordinary resolution 2.1: Re-election of non-executive directors retiring by rotation

To vote on the re-election, each by way of a separate vote, of the following directors who are required to retire by rotation in accordance with article 5.1(8) of the MOI and being eligible, offer themselves for re-election:

- 2.1.1 MR Faku
2.1.2 GG Gelink

The Nomination committee of Grindrod has conducted an assessment of the performance of each of the retiring candidates and the Board accepted the results of the assessments. Accordingly, the Board recommends their re-election to shareholders.

Brief CVs of the directors are provided on page 145 of the integrated annual report.

2.2 Ordinary resolution 2.2: Confirmation of appointment of directors appointed by the Board since the previous Annual General Meeting

To, in accordance with article 5.1(5) of the MOI, confirm the appointment of the following directors, each by way of a separate vote, appointed by the Board since the previous Annual General Meeting:

- 2.2.1 WJ Grindrod
2.2.2 B Magara
2.2.3 W van Wyk
2.2.4 ZP Zatu

The Nomination committee of Grindrod has assessed the eligibility of the newly appointed candidates and the Board accepted the result of the assessments. Accordingly, the Board recommends the elections to shareholders.

Brief CVs of the directors are provided on pages 146 and 148 of the integrated annual report.

Notice of the Annual General Meeting continued

2. Ordinary resolutions continued

2.3 Ordinary resolution 2.3: Election of member and appointment of chairman of the Audit committee

To vote on the election of GG Gelinck, an independent non-executive director of Grindrod, as a member of the Audit committee and his appointment as the chairman of the committee, until the end of the next Annual General Meeting of Grindrod.

A brief CV of the director is provided on page 145 of the integrated annual report.

2.4 Ordinary resolution 2.4: Election of members of the Audit committee

To vote on the election in terms of section 94 of the Act, each by way of a separate vote, the following independent non-executive directors of Grindrod, as members of the Audit committee to hold office until the end of the next Annual General Meeting of Grindrod:

2.4.1 W van Wyk

2.4.2 ZP Zatu

Brief CVs of the Audit committee members are provided on page 148 of the integrated annual report.

2.5 Ordinary resolution 2.5: Reappointment of independent auditors and confirmation of the appointment of designated audit partner

To vote, each by way of a separate vote, on:

2.5.1 The reappointment of Deloitte & Touche as independent auditors of Grindrod, to hold office until the next Annual General Meeting.

2.5.2 Confirmation of the appointment of M Holme as designated audit partner, to hold office until the next Annual General Meeting.

The Audit committee nominated Deloitte & Touche to be independent auditors of Grindrod and M Holme to be designated audit partner and accordingly recommends that Deloitte & Touche be appointed as independent auditors and that the appointment of M Holme as designated audit partner is confirmed.

2.6 Ordinary resolution 2.6: General authority to directors to allot and issue ordinary shares

That, as an ordinary resolution, and subject to the provisions of the Act and the JSE Listings Requirements, from time to time, that the directors of Grindrod be and are hereby authorised, as a general authority and approval, to allot and issue, for such purposes and on such terms as they may in their discretion determine, ordinary shares in the authorised but unissued share capital of Grindrod up to a maximum of 5% of the number of ordinary shares in issue on the date of passing this resolution.

Explanatory Note

The reason for proposing ordinary resolution number 2.6 above is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of Grindrod, up to 5% of the number of ordinary shares of Grindrod in issue at the date of passing this resolution, in order to enable Grindrod to take advantage of business opportunities which might arise in the future.

In order for ordinary resolution number 2.6 above to be approved, it must be supported by more than 50% of the voting rights exercised.

2.7 Ordinary resolution 2.7 of 75%: General authority to issue ordinary shares for cash

That, as an ordinary resolution, and subject to ordinary resolution number 2.6 above being passed, the directors of Grindrod be and are hereby authorised, in accordance with the Act and the JSE Listings Requirements, to allot and issue for cash, on such terms and conditions as they may deem fit, all or any of the ordinary shares in the authorised but unissued share capital of Grindrod, which they shall have been authorised to allot and issue in terms of ordinary resolution number 2.6 above, subject to the following conditions:

- This authority is valid until Grindrod's next Annual General Meeting, provided that it will not extend beyond 15 months from the date that this authority is given;
- The ordinary shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into or represent options in respect of a class already in issue;
- Any such issue will be made only to 'public shareholders' as defined in the JSE Listings Requirements and not to related parties;
- The number of ordinary shares issued for cash will not in aggregate exceed 5% of Grindrod's listed ordinary shares (excluding treasury shares) as at the date of the notice of Annual General Meeting, such number being 744 705 252 ordinary shares in Grindrod's issued share capital (5% being 37 235 263 ordinary shares);
- Any ordinary shares issued under this authority during the period of its validity must be deducted from the above number of ordinary shares and the authority shall be adjusted accordingly to represent the same allocation ratio in the event of a sub-division or consolidation of equity securities during the same period;
- The maximum discount permitted at which ordinary shares may be issued is 5% of the weighted average traded price of such ordinary shares measured over the 30 business days prior to the date that the price of the issue is agreed between Grindrod and the party subscribing for the securities; and
- An announcement giving full details, including the number of ordinary shares issued, the average discount to the weighted average traded price of the ordinary shares over the 30 business days prior to the date Grindrod agrees to issue the ordinary shares and the impact on net asset value, net tangible asset value, earnings and (if applicable) diluted earnings and headline earnings per ordinary share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of ordinary shares in issue prior to such issue.

Explanatory Note

The reason for proposing ordinary resolution number 2.7 is that the directors consider it advantageous to have the authority to issue ordinary shares for cash in order to enable Grindrod to take advantage of any business opportunity which might arise in the future. At present, the directors have no specific intention to use this authority, and the authority will thus only be used if circumstances are appropriate.

In order for ordinary resolution 2.7 to be approved, it must be supported by more than 75% of the voting rights exercised.

Notice of the Annual General Meeting continued

3. Special resolutions

3.1 Special resolution 3.1: Approval of non-executive directors' fees

That the fees payable to the non-executive directors of Grindrod, members and chairmen of Board committees for the year 1 July 2020 to 30 June 2021, as set out below, be approved.

	Member/ Directors/ Chairman	Present	Proposed
Board of directors	Chairman	R1 013 000	R1 068 800
	Lead independent director	R742 000	R782 800
	Non-executive director	R371 000	R391 400
Audit committee	Chairman	R261 000	R275 400
	Member	R144 000	R151 900
Investment committee	Chairman	Rnil	Rnil
	Standing member	R96 000	R101 300
	Ad hoc member (per meeting)	R23 000	R23 300
Nomination committee	Chairman	R144 000	R151 900
	Member	R79 500	R83 900
Remuneration committee	Chairman	R144 000	R151 900
	Member	R79 500	R83 900
Risk committee	Chairman	R174 500	R183 600
	Member	R97 500	R102 400
Social and Ethics committee	Chairman	R122 500	R128 700
	Member	R73 000	R77 000

The Remuneration committee evaluated the fees for non-executive directors of Grindrod, and members and chairmen of Board committees. The Remuneration committee recommended a CPI-based adjustment to the fees as above to the Board, as benchmarking against industry peers and market trends were considered in previous years. The Board accepted the recommendations of the committee and accordingly recommends the above fees for approval by the shareholders in terms of section 66(9) of the Act.

3.2 Special resolution 3.2: General authority to provide financial assistance in terms of section 44 of the Act

That, as a general approval, the directors of Grindrod be and are hereby authorised, to the extent required by the Act, and subject to compliance with the requirements of Grindrod's MOI and the JSE Listings Requirements (each as presently constituted and as amended from time to time), to provide direct or indirect financial assistance, including by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/ or any other company or entity that is or becomes related or inter-related to Grindrod or any of its subsidiaries, and/ or to any member of such subsidiary or related or inter-related company or entity, for the specific purpose of or in connection with, the subscription of any option or securities issued or to be issued by Grindrod or a related entity, provided that the Board has applied the solvency and liquidity tests as set out in section 4 of the Act and the terms of the proposed financial assistance is fair and reasonable to Grindrod.

3.3 Special resolution 3.3: General authority to provide financial assistance in terms of section 45 of the Act

That, as a general approval, the directors of Grindrod be and are hereby authorised, subject to the provisions of section 45 of the Act, compliance with the requirements of Grindrod's MOI, the JSE Listings Requirements (each as presently constituted and as amended from time to time) and any other applicable laws that may exist from time to time, to provide direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in section 45(1) of the Act) that the Board of directors of Grindrod may deem fit, to any related or inter-related company or to any juristic person who is a member of or related to any such companies ('related' and 'inter-related' will herein have the meaning so attributed in section 2 of the Act) on the terms and conditions that the Board of directors of Grindrod may determine from time to time.

3.4 Special resolution 3.4: Repurchase of Grindrod's ordinary shares

That, as a general approval, the directors of Grindrod be and they are hereby authorised, subject to the provisions of Grindrod's MOI, section 48, read with section 46 of the Act and of the JSE Listings Requirements, to approve the purchase by Grindrod of its own ordinary shares, and the purchase of ordinary shares in Grindrod by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, provided that:

- (i) the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between Grindrod and the counterparty;
- (ii) this general authority shall only be valid until the earlier of Grindrod's next Annual General Meeting or the expiry of a period of 15 months from the date of passing of this special resolution;
- (iii) in determining the price at which Grindrod's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date on which the transaction is effected;
- (iv) the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% of Grindrod's issued ordinary share capital;
- (v) Grindrod may only effect the repurchase once a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that immediately after the repurchase Grindrod would satisfy the solvency and liquidity tests, and that since this was done there have been no material changes to the financial position of the Group;
- (vi) Grindrod or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period;
- (vii) an announcement, containing full details of acquisitions in accordance with section 11.27 of the JSE Listings Requirements, will be published once Grindrod has cumulatively repurchased 3% of the number of the ordinary shares in issue at the time this general authority is granted (initial number), and for each 3% in aggregate of the initial number acquired thereafter; and
- (viii) at any point in time, Grindrod may only appoint one agent to effect any acquisition/s on its behalf.

Notice of the Annual General Meeting continued

3. Special resolutions continued

3.4 Special resolution 3.4: Repurchase of Grindrod's ordinary shares continued

Adequacy of working capital

At any time that the repurchase contemplated in this resolution is to take place, the Board will ensure that, after considering the effect of the maximum repurchase and for a period of 12 months thereafter:

- (i) Grindrod and the Group will be able to pay their debts as they become due in the ordinary course of business for the period of 12 months after the date of notice of the Annual General Meeting;
- (ii) the consolidated assets of Grindrod and the Group, fairly valued in accordance with International Financial Reporting Standards (IFRS), will be in excess of the consolidated liabilities of Grindrod and the Group for the period of 12 months after the date of notice of the Annual General Meeting;
- (iii) the issued share capital and reserves of Grindrod and the Group will be adequate for the purpose of the ordinary business of Grindrod and the Group for the period of 12 months after the date of notice of the Annual General Meeting; and
- (iv) the working capital available to Grindrod and the Group will be adequate for the purposes of the business of Grindrod and the Group for the period of 12 months after the date of notice of the Annual General Meeting.

Disclosure

The directors of Grindrod have no specific intention at present for Grindrod or its subsidiaries to repurchase any of the shares of Grindrod as contemplated in this special resolution number 3.4 but considers that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of Grindrod and its shareholders.

The directors, whose names are set out on pages 144 to 148 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of information pertaining to this special resolution number 3.4 and certify that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries in this regard, and that this resolution contains all information required by law and the JSE Listings Requirements.

The following additional information, some of which appears elsewhere in the integrated annual report of which this notice forms part, is provided in terms of section 11.26 of the JSE Listings Requirements for purposes of the general authority contemplated above:

- Major beneficial shareholders – page 227 of the integrated annual report; and
- Share capital of Grindrod – page 226 of the integrated annual report.

Other than the facts and developments reported on in the integrated annual report, there have been no material changes to the financial or trading position of Grindrod and its subsidiaries since 31 December 2019 and the issuing of this notice to shareholders.

4. Non-binding advisory votes

4.1 Confirmation of the Group remuneration policy

That, as a non-binding advisory vote, Grindrod's remuneration policy as set out in the remuneration report on page 180 of the integrated annual report be and is hereby confirmed.

4.2 Confirmation of the Group implementation report

That, as a non-binding advisory vote, Grindrod's implementation report as set out in the remuneration report on page 183 of the integrated annual report be and is hereby confirmed.

In terms of the King Report on Corporate Governance™ for South Africa, 2016 (King IV)*, separate non-binding advisory votes should be put to the shareholders relating to the Group remuneration policy and implementation report. The votes allow the shareholders to express their views on the remuneration policy and implementation report adopted and implemented, but are not binding on Grindrod.

Other business

To transact such other business as may be required at this Annual General Meeting.

Record dates

The record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 17 April 2020.

The record date for shareholders to be recorded in the securities register of Grindrod in order to be able to attend, participate and vote at the Annual General Meeting is Friday, 15 May 2020. Accordingly, the last date to trade in order to be eligible to attend and vote at the Annual General Meeting is Tuesday, 12 May 2020.

Preference shareholders

Preference shareholders are entitled to receive copies of correspondence related to all shareholder meetings. In respect of the Annual General Meeting to be held on Tuesday, 26 May 2020, preference shareholders are entitled to attend the meeting and to vote together with ordinary shareholders in respect of special resolution number 3.4 regarding renewal of the authority of directors to repurchase ordinary shares.

Logistical arrangements

Shareholders who wish to electronically participate in and/or vote at the Annual General Meeting are required to complete the Electronic Participation Application Form available on page 242 and email same to TMS at proxy@tmsmeetings.co.za and contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 11:00am on Friday, 22 May 2020. Shareholders are strongly encouraged to submit votes by proxy before the meeting. If shareholders wish to participate in the Annual General Meeting, they should instruct their CSDP or Broker to issue them with the necessary letter of representation to participate in the Annual General Meeting, in the manner stipulated in their Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker, to accommodate such requests.

* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Notice of the Annual General Meeting continued

TMS will assist shareholders with the requirements for electronic participation in, and/ or voting at the Annual General Meeting. TMS is further obliged to validate (in correspondence with Grindrod and, in particular, the Transfer Secretary, Link Market Services (South Africa) Proprietary Limited (Link) and shareholders' CSDPs) each such shareholder's entitlement to participate in and/ or vote at the Annual General Meeting, before providing it with the necessary means to access the Annual General Meeting and/ or the associated voting platform.

Shareholders will be liable for their own network charges in relation to electronic participation in and/ or voting at the Annual General Meeting. Any such charges will not be for the account of the JSE Limited, Grindrod and/ or TMS. None of the JSE Limited, Grindrod or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/ or power outages which prevents any such shareholder from participating in and/ or voting at the Annual General Meeting.

Voting by proxy

The minimum percentage of voting rights that is required for the adoption of each ordinary resolution is more than 50% of the voting rights exercised on the resolution by shareholders participating electronically or represented by proxy at the Annual General Meeting, except for ordinary resolution 2.6, which requires 75%.

The minimum percentage of voting rights that is required for the adoption of each special resolution is at least 75% of the voting rights exercised on the resolution by shareholders participating electronically or represented by proxy at the Annual General Meeting.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the Annual General Meeting. Shareholders are strongly encouraged to submit votes by proxy in advance of the Annual General Meeting to Link, 13th Floor Rennie House, 19 Amershoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) South Africa, email meetfax@linkmarketservices.co.za or facsimile 086 674 2450 by no later than 14:00 on Friday, 22 May 2020.

Kindly ensure that TMS is copied when submitting all completed proxy forms and/ or letters of representation to Link.

Please forward all relevant information to the below mentioned:

The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square
2 Gwen Lane
Sandown
South Africa
2196

Attention: Michael Wenner, Farhana Adam or Izzy van Schoor

Tel: +27 11 520-7950/1/2

Email: michael.wenner@tmsmeetings.co.za

Email: farhana.adam@tmsmeetings.co.za

Email: izzy.vanschoor@tmsmeetings.co.za

Email: proxy@tmsmeetings.co.za

A shareholder entitled to electronically participate and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to electronically participate, speak and vote in his/ her stead. A proxy need not be a shareholder of Grindrod. The attached form of proxy is only to be completed by those ordinary shareholders who hold ordinary shares in certificated form or are recorded in the sub-register in "own-name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own-name" registration and who wish to electronically participate the Annual General Meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation to electronically participate the Annual General Meeting in person or proxy and vote. If they do not wish to electronically participate in the Annual General Meeting or by proxy and vote, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

A form of proxy must be lodged with the share transfer secretaries of Grindrod, Link and copied to TMS, not less than 48 hours before the time set for the meeting. Completion of a form of proxy will not preclude a shareholder from electronically participating in the Annual General Meeting.

By order of the Board

Grindrod Limited



Cathie Lewis
Group Company Secretary

Durban
24 April 2020

FORM OF PROXY

Grindrod Limited
(Incorporated in the Republic of South Africa)
Registration number 1966/009846/06
Share code: GND and GNDP
ISIN: ZAE000072328 and ZAE000071106

For use in respect of the 53rd Annual General Meeting of Grindrod by certificated shareholders or of dematerialised shareholders with own-name registration.

Holders of dematerialised ordinary shares, other than those with own-name registration, must inform their CSDP or broker of their intention to electronically participate in and/ or vote at the Annual General Meeting and request their CSDP to issue them with the necessary letter of representation, complete the Electronic Participation Application Form and email same to TMS. If they do not wish to electronically participate in and/ or vote at the Annual General Meeting, they should provide their CSDP with their voting instructions.

I/ We _____ (full name in block letters)
of _____ (address in block letters)
being the registered holder/s of ordinary shares and preference shares in the capital of Grindrod
do hereby appoint _____
1. _____ of _____ or failing him/ her,
2. _____ of _____ or failing him/ her,

the chairman of the Annual General Meeting as my/ our proxy to electronically participate, speak and vote on my/ our behalf at the Annual General Meeting of Grindrod to be held on Tuesday, 26 May 2020 at 14:00 and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such Annual General Meeting.

Please indicate how you wish your proxy to vote by placing a cross (X) in the box which applies:

	For	Against	Abstain
Ordinary resolution no. 2.1: Re-election of directors retiring by rotation			
2.1.1 MR Faku			
2.1.2 GG Gelink			
Ordinary resolution no. 2.2: Confirmation of newly appointed directors			
2.2.1 WJ Grindrod			
2.2.2 B Magara			
2.2.3 W van Wyk			
2.2.4 ZP Zatu			
Ordinary resolution no. 2.3: Election of member and appointment of chairman of the Audit committee – GG Gelink			
Ordinary resolution no. 2.4: Election of members of the Audit committee			
2.4.1 W van Wyk			
2.4.2 ZP Zatu			
Ordinary resolution no. 2.5: Reappointment of independent auditors and confirmation of the appointment of designated audit partner			
2.5.1 Reappointment of Deloitte & Touche as independent auditors			
2.5.2 Confirmation of appointment of M Holme as designated audit partner			
Ordinary resolution no. 2.6: General authority to directors to allot and issue ordinary shares			
Ordinary resolution no. 2.7 of 75%: General authority to issue ordinary shares for cash			
Special resolution no. 3.1: Approval of non-executive directors' fees			
Special resolution no. 3.2: General authority to provide financial assistance in terms of section 44 of the Act			
Special resolution no. 3.3: General authority to provide financial assistance in terms of section 45 of the Act			
Special resolution no. 3.4: Repurchase of Grindrod's ordinary shares			
Non-binding advisory vote 4.1: Confirmation of the Group remuneration policy			
Non-binding advisory vote 4.2: Confirmation of the Group implementation report			

Date:

Signature:

Please read the notes and instructions overleaf.

NOTES TO THE FORM OF PROXY

1. A shareholder entitled to electronically participate and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/ her stead. A proxy need not be a shareholder of Grindrod.
2. In accordance with Grindrod's MOI, voting shall be by poll only.
3. Please indicate with an "X" in the appropriate spaces overleaf how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain at his/ her discretion.

Instructions on signing and lodging the form of proxy

1. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.
3. When there are joint holders of shares, any one holder may sign the form of proxy. In the event of any dispute, the first name appearing in the register shall be taken as the shareholder.
4. The chairman of the Annual General Meeting shall be entitled to decline to accept the authority of a person signing the proxy form:
 - (a) under a power of attorney; or
 - (b) on behalf of Grindrod;unless that person's power of attorney or authority is deposited at the offices of Grindrod's share transfer secretaries not less than 48 hours before the Annual General Meeting together with the form of proxy.
5. The completion and lodging of this form of proxy will not preclude the shareholder who grants this proxy from participating electronically in the Annual General Meeting and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.
6. Completed forms of proxy should be lodged at or posted to Grindrod's share transfer secretaries, Link, at 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), South Africa, email meetfax@linkmarketservices.co.za or facsimile 086 674 2450 so as to reach them not later than 48 hours before the time set for the holding of the Annual General Meeting.

ELECTRONIC PARTICIPATION IN THE GRINDROD ANNUAL GENERAL MEETING

1. Shareholders or their proxies who wish to participate in the Annual General Meeting via electronic communication [Participants], must deliver the Electronic Participation Application Form below to TMS via email to proxy@tmsmeetings.co.za
2. Participants will be able to vote during the Annual General Meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the Annual General Meeting, must provide TMS with the information requested below.
3. Each shareholder, who has complied with the requirements below, will be contacted between Friday, 22 and Monday, 25 May 2020 via email/ mobile with a unique link to allow them to participate in the virtual meeting.
4. The cost of the Participant's phone call or data usage will be at his/ her own expense and will be billed separately by his/ her own telephone service provider.
5. The cut-off time, for administrative purposes, to participate in the meeting will be 11:00am on Friday, 22 May 2020.
6. The Participant's unique link will be forwarded to the email/ cell number provided in the Electronic Participation Application Form below.

ELECTRONIC PARTICIPATION APPLICATION FORM

Name & surname of shareholder
Name & surname of shareholder representative (If applicable)
ID Number
Email Address
Cell Number
Telephone Number
Name of CSDP or Broker (If shares are held in dematerialised format)
SCA Number or Broker Account Number
Number of Shares
Signature
Date

TERMS AND CONDITIONS FOR PARTICIPATION AT THE GRINDROD ANNUAL GENERAL MEETING VIA ELECTRONIC COMMUNICATION

1. The cost of dialling in using a telecommunication line/ webcast/ web-streaming to participate in the Annual General Meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
2. The Participant acknowledges that the telecommunication lines/ webcast/ web-streaming are provided by a third party and indemnifies Grindrod, the JSE Limited and TMS against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/ webcast/ web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/ she will have no claim against Grindrod, the JSE Limited and TMS, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/ webcast/ web-streaming or any defect in it or from total or partial failure of the telecommunication lines/ webcast/ web-streaming and connections linking the telecommunication lines/ webcast/ web-streaming to the Annual General Meeting.
3. Participants will be able to vote during the Annual General Meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the Annual General Meeting, must act in accordance with the requirements set out above.
4. Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
5. The application will only be deemed successful if the Electronic Participation Application Form has been completed and fully signed by the Participant and emailed to TMS at proxy@tmsmeetings.co.za

Shareholder name:

Signature:

Date:

LIST OF ABBREVIATIONS

Abbreviation	Definition
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CAR	Capital Adequacy Ratio
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFM	Ports and Railway Company of Mozambique
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
CO ₂ e	Carbon dioxide equivalent
Company	Grindrod Limited
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CRET	Cyril Ramaphosa Education Trust
CSDP	Central Securities Depository Participant
CSI	Corporate Social Investment
CV	Curriculum Vitae
DOL	Department of Labour
DPW	Dubai Ports World
DTI	Department of Trade and Industry
EE	Employment Equity
ESD	Enterprise and Supplier Development
ESG	Environmental, Social and Governance
FSCA	Financial Sector Conduct Authority
FTE	Full Time Equivalent
FTSE	Financial Times Stock Exchange
GCRC	Global Credit Rating Company
GEPF	Government Employees Pension Fund
GFSH	GFS Holdings Proprietary Limited
GHG	Greenhouse Gas
GIT	Grindrod Investment Trust
GLM	Grindrod Logistics Mozambique
GML	Grindrod Mozambique Limitada
GPSIT	Grindrod Preference Share Investment Trust
GRI	Global Reporting Initiative
Grindrod	Grindrod Limited
HDSA	Historically Disadvantaged South African
HEPS	Headline Earnings Per Share
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board

List of abbreviations continued

Abbreviation	Definition
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IoDSA	Institute of Directors southern Africa
IRBA	Independent Regulatory Board for Auditors
<IR>	Integrated Reporting
IRR	Internal rate of return
ISA	International Standard on Auditing
ISO	International Standards Organisation
IT	Information Technology
JSE	Johannesburg Stock Exchange Limited
King IV	The King IV Report on Corporate Governance for South Africa, 2016
kl	Kilolitre
km	Kilometre
KPI	Key Performance Indicator
kWh	Kilowatt hour
l	Litre/s
LTIFR	Lost time Injury Frequency Rate
LPG	Liquefied petroleum gas
m ²	Square metre
m ³	Cubic metre
MCTL	Maputo Car terminal
MDP	Management Development Programme
ML	Megalitre
MOI	Memorandum of Incorporation
MPDC	Maputo Port Development Company
mtpa	Million tons per annum
MW	Megawatt
MWh	Megawatt-hours
n/a	Not Applicable
NASDAQ	National Association of Securities Dealers Automated Quotations system
NGO	Non-Governmental Organisation
NLPI	NLPI Limited
NOx	Nitrous Oxide
NTI	Non-trading items
OACL	Ocean Africa Container Lines
OEM	Original equipment manufacturer
OTGC	Oiltanking Grindrod Calulo
PA	Prudential Authority
Prince II	Projects In Controlled Environments II
PT&L	Port and Terminals and Logistics

Abbreviation	Definition
RBTG	RBT Grindrod Proprietary Limited
SAICA	South African Institute of Chartered Accountants
SANCCOB	Southern African Foundation for the Conservation of Coastal Birds
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
SDG	Sustainable Development Goal
SDGs	Sustainable Development Goals
SENS	Stock Exchange News Service
SGD	Singapore Dollar
SGM	Sturrock Grindrod Maritime
SGMT	Sturrock Grindrod Maritime Tech
SHERQ	Safety, Health, Environment, Risk and Quality
SMDP	Senior Management Development Programme
SME	Small and Medium-sized Enterprises
SO _x	Sulphur Oxide
SOE	State-owned Enterprise
TASK	Tuned Assessment of Skills and Knowledge
TCM	Terminal de Carvão da Matola
TCOE	Total Cost of Employment
TCFD	Task Force on Climate-related Financial Disclosures
TEU	Twenty Foot Equivalent Unit
The Companies Act	The Companies Act No. 71 of 2008 (South Africa)
TRACE	TRACE International, Inc.
Trading Profit	Earnings Before Interests, Tax, Depreciation and Amortisation
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
US\$	United States Dollar
WACC	Weighted average cost of capital
WEssa	Wildlife and Environment Society South Africa

GRINDROD INFORMATION

Grindrod Limited
Registration number 1966/009846/06
Share code: GND & GNPD
ISIN: ZAE000072328 and ZAE000071106

REGISTERED OFFICE AND BUSINESS ADDRESS
Grindrod Mews
106 Margaret Mncadi Avenue
Durban
4001

POSTAL ADDRESS
PO Box 1
Durban
4000

CONTACT DETAILS
P +27 31 304 1451
F +27 31 305 2848

WEBSITE DETAILS
www.grindrod.com

EMAIL ADDRESS
grindrod@grindrod.com

COMPANY SECRETARY
Cathie Lewis
P +27 31 365 9116

GRINDROD ETHICS OFFICER
Cathie Lewis
P +27 31 365 9116

Tip-offs Anonymous
FreePost KZN138, Umhlanga Rocks, 4320
Telephone – Freecall:
SA and Namibia 0800 213 118
Mozambique 800 359 359
Botswana 0800 600 644 (BTC), 71 11 9602 (Mascom),
1144 (Orange)
Singapore 1800 530 5541
Email: grindrodethics@tipoffs.com

Free facsimile: 0800 00 77 88 (only from SA and Namibia)
International facsimile: +27 31 560 7395

www.tip-offs.com

Principal attorneys and legal advisors

ENS Attorneys
1 Richefond Circle
Ridgeside Office Park
Umhlanga, Durban
P +27 31 536 8600

Bankers

The Group maintains relationships with various registered national and international financial institutions

Registered auditors

Deloitte & Touche
2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia, 4051
P +27 31 560 7000

Share transfer secretaries

Link Market Services South Africa Proprietary Limited
13th floor
19 Ameshoff Street
Braamfontein, 2001

PO Box 4844
Johannesburg, 2000
P +27 86 154 6572
F +27 86 674 4381

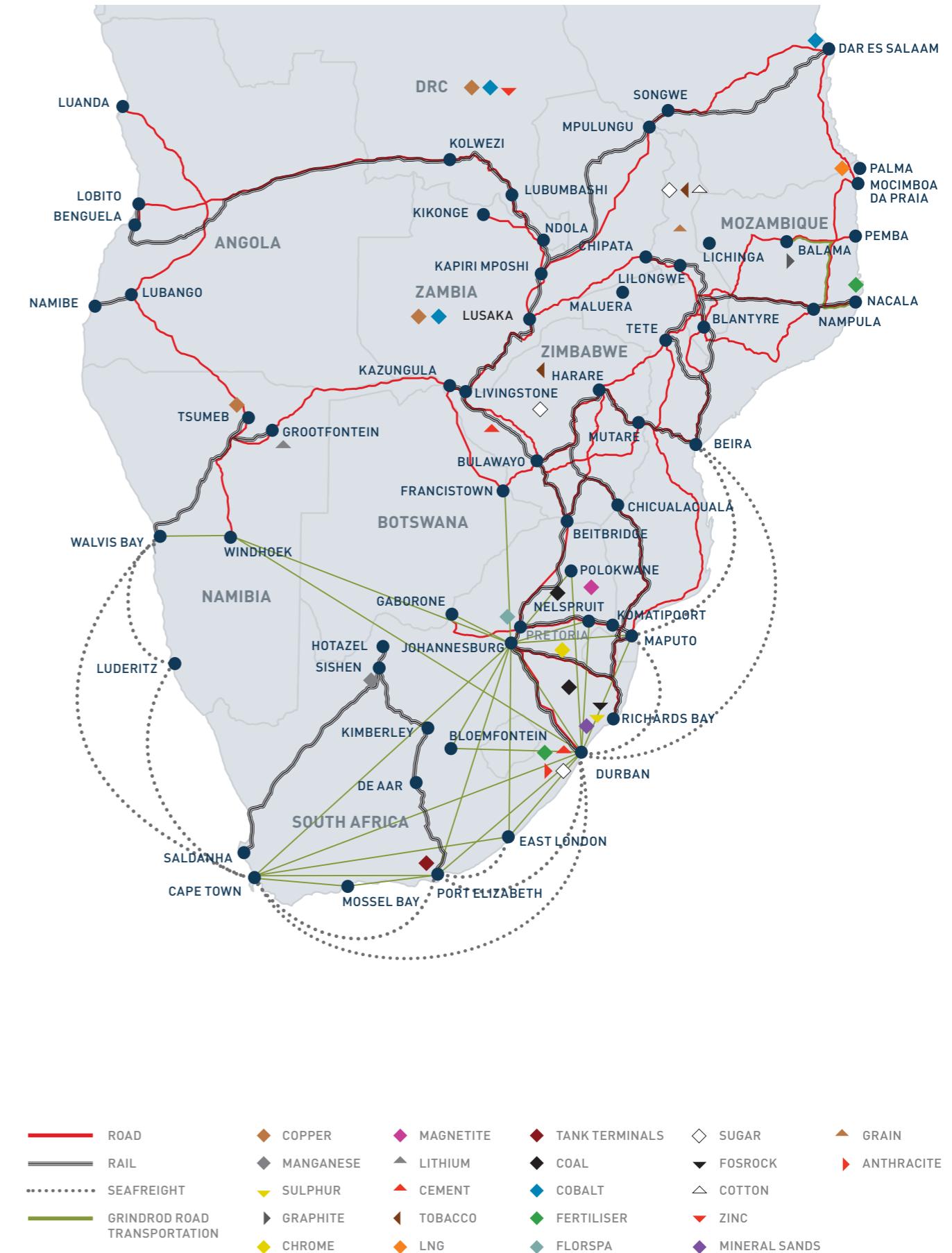
Sponsor

Nedbank Corporate and Investment Banking
Block F 3rd Floor,
Nedbank 135 Rivonia Campus
135 Rivonia Road
Sandown
Sandton
2196

PO Box 1144
Johannesburg, 2000
P +27 11 294 4444
F +27 11 295 1111

Integrated annual report

Cathie Lewis
cathie.lewis@grindrod.com
www.grindrod.com



PORT AND TERMINALS + LOGISTICS + BANK

www.grindrod.com

