



2017

Integrated Annual Report
Grindrod Limited

Contents

Our story	02	Summarised consolidated financial statements	121
About this report	04	Approval of the summarised consolidated financial statements	122
2017 key highlights	05	Compliance statement by the group company secretary	122
Management review	09	Preparation of the summarised consolidated financial statements	123
Executive chairman's report to stakeholders	10	Limited assurance report	124
Report of the group financial director	14	Independent auditors' report on the summarised consolidated financial statements	125
Five-year review	18	Summarised consolidated financial statements	126
Grindrod's business	22	Shareholders' information	138
Business structure	24	Share analysis of ordinary shareholders	139
Business profile	26	Share analysis of cumulative, non-redeemable, non-participating, non-convertible preference shares	140
Strategy review	30	Notice of the annual general meeting	141
Risk review	32	Form of proxy	146
Operational review: Freight Services	46	Notes to the form of proxy	147
Operational review: Shipping	50	List of abbreviations	148
Operational review: Financial Services	54	Terms and expressions	150
Resources review	57	Company information	153
Resources review	58		
Our money	62		
Our assets	66		
Our skills	68		
Our people	70		
Our relationships	76		
Our environment	78		
Governance review	83		
Directorate and executive committee	84		
Corporate governance report	90		
Report of the social and ethics committee	98		
Report of the risk committee	100		
Report of the investment committee	101		
Report of the nomination committee	102		
Report of the remuneration committee	104		
Report of the audit committee	117		

Our story

2017

The company announces the investigation of the potential to spin-off its Shipping division following the turn in the shipping cycle in conjunction with the repositioning of its other divisions to unlock shareholder value.

Captain John Grindrod establishes a clearing and forwarding agency that would grow into a company with a **current annual turnover of R21.3 billion** (inclusive of joint ventures) and **total assets of R39.1 billion** (inclusive of joint ventures).

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

The **company is appointed as ships agent** for African Coasters, established by Leon Renaud.

African Coasters merges with Thesen's Steamship Company to form Unicorn Lines. Today, Unicorn Shipping **owns and long-term charters** 15 medium-range and small-products **tankers**.

1910

1922

1933

1966

1971

1986

1999

2001

The **company pioneers containerisation in the country** and **establishes the first container depot and service**. Today Ocean Africa Container Lines (OACL) provides a container **feeder service** between ports in Mozambique, South Africa, Namibia and Angola.

The **company lists its shares on the Johannesburg Stock Exchange** through a newly established **holding company, Grindrod Unicorn Group Limited, known as Grincor**. At 31 December 2017 the company's **market capitalisation** was in excess of **R10.4 billion**.

The **company purchases dry-bulk charterer Island View Shipping (IVS)**. Today, IVS operates and commercially manages **33 owned and long-term chartered** handysize, and supramax **dry-bulk carriers**.

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

<p>The company's initial investment in the Richards Bay dry-bulk terminals becomes operational. Today, these terminals have a 6.1-million tonnes capacity.</p>	<p>Grindrod acquires Marriott Corporate Property Bank, which today trades as Grindrod Bank and its asset management business run through Bridge Fund Managers and Coreshares with total assets under management of R19.9 billion.</p>	<p>The company invests in the Maputo Port Development Company, which in 2017 managed a record port throughput of 18.2 million tonnes. This established a base for further investments in dry-bulk and car terminals, which today have an annual terminal throughput capacity of 15.2 million tonnes dry bulk and 120 000 vehicles.</p>	<p>Grindrod concludes a major black economic empowerment (BEE) transaction with Brimstone, Calulo and Adopt-a-School Foundation.</p>
2003	2005	2007	2009
2011	2014	2016	
<p>Grindrod enters into a R2 billion equity raising transaction underwritten by Remgro Limited to support the group's strategic development of capital projects in Southern Africa.</p>	<p>The company streamlines its freight and logistics services offering by closing its Trading division. It 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.</p>	<p>The company restructures its Terminals and Logistics businesses due to prolonged weak commodity markets and closes the Rail manufacturing and assembly businesses.</p>	

About this report

Integrated reporting



The Grindrod Limited (Grindrod/the company) integrated annual report aims to provide stakeholders with a balanced assessment of the company's ability to create and sustain value to ensure short-, medium- and long-term viability. The report, together with the audited annual financial statements and other supplementary information available on the [company website](#), provides a complete and balanced review of Grindrod's economic, social and environmental performance, inclusive of information on subsidiaries and local and international joint-venture partners and associates where appropriate, within the context of its strategy and risks and opportunities for the financial year ended 31 December 2017.

In compiling its integrated annual report and supplementary information, Grindrod has applied the principles contained in the King IV Report on Corporate Governance for South Africa, 2016 (King IV), the Johannesburg Stock Exchange Limited (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) Rating 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) G4 Sustainability Reporting Guidelines. A GRI-G4 content index, based on a core "in accordance" option, is available on Grindrod's website.

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 the company's strategy and the associated opportunities and risks.

Assurance

Grindrod's external auditor, Deloitte & Touche, has provided assurance on the consolidated financial statements and expressed an unmodified audit opinion. The external auditor also audited the summarised consolidated financial statements included in the integrated annual report and their unmodified audit opinion is included on page 125. Grindrod's internal audit function provided assurance on selected sustainability performance indicator disclosures. The B-BBEE scorecard information was assured by Aqrata KZN.

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 the company within the context of its identified material aspects, and has been prepared in accordance with internationally recognised best practice. The board accordingly approved the 2017 integrated annual report on 23 March 2018 for release to shareholders.

Nkululeko Sowazi

Lead independent non-executive director

Mike Hankinson

Executive chairman

2017 Key highlights

Key indicators

Economic

Continuing operations

Revenue

▼ **7.0%**

R3 059 million

(2016: R3 288 million)

Social

Number of employees*

▼ **11.0%**

5 232 employees

(2016: 5 881)

Environmental

GHG emissions (CO₂ equivalent)*

▼ **15.5%**

383 407 tonnes

(2016: 453 590 tonnes)

Operating profit

▼ **6.7%**

R426 million

(2016: R457 million)

LTIFR (Freight Services)

▲ **32.3%**

0.86

(2016: 0.65)

GHG emissions intensity**

▼ **9.2%**

125.32

(2016: 137.96)***

HEPS

▲ **173.4%**

76 cents

(2016: 28 cents)

LTIFR (Shipping)

▼ **38.1%**

0.13

(2016: 0.21)

Electricity consumption (MWh)

▼ **17.2%**

15 554

(2016: 18 780)

Cash generated from operations

▲ **13.6%**

R559 million

(2016: R492 million)

B-BBEE (Grindrod Limited)

▼ **Level 4**

(2016: Level 3)

Electricity efficiency (kWh/FTE)

▲ **9.9%**

3 515

(2016: 3 197)

Net asset value per share

▼ **10.8%**

1 790 cents

(2016: 2 007 cents)

B-BBEE (GSA)***

Level 2

(2016: Level 2)

Water intensity (l/FTE)

▼ **20.8%**

17.5

(2016: 22.1)

* Includes joint ventures and associates at 100% shareholding.

** Grindrod (South Africa) Proprietary Limited (GSA) 2017 rating based on dti Codes of Good Practice. GSA is the main operating legal entity.

^ Total GHG emissions including scope 3 (tonnes CO₂-e).

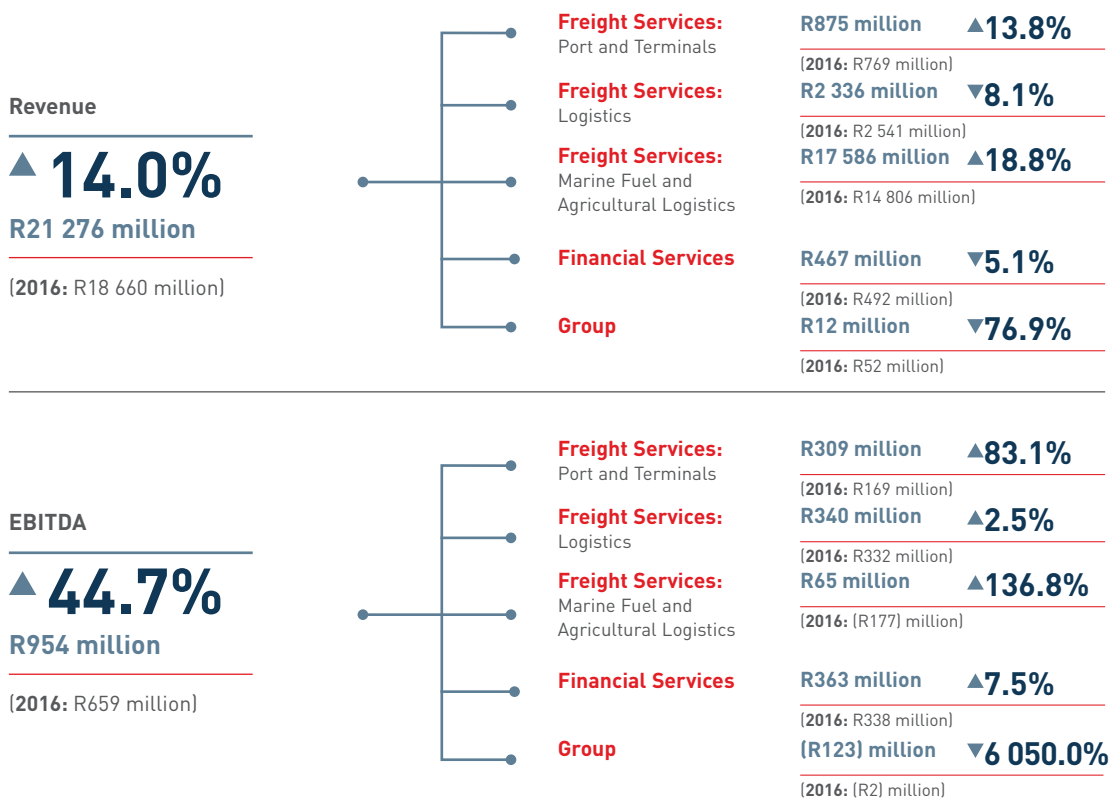
^^ grams CO₂ per Rand revenue.

^^^ Re-presented for discontinued operations as detailed in the basis of preparation.

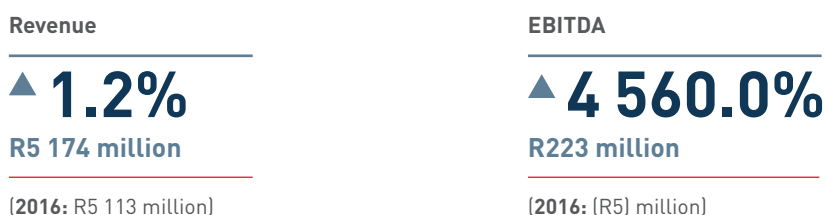


2017 Key highlights continued

Divisional review – continuing operations[^]



Divisional review – discontinued operations[^] (Shipping only)



[^] Management figures, excluding segmental adjustments.

Operating profit/(loss)

▲ **101.7%**

R654 million

(2016: R324 million)

Freight Services: Port and Terminals	R204 million	▲308.8%
(2016: R50 million)		
Freight Services: Logistics	R165 million	▲15.5%
(2016: R143 million)		
Freight Services: Marine Fuel and Agricultural Logistics	R51 million	▲125.8%
(2016: (R197) million)		
Financial Services	R358 million	▲7.8%
(2016: R332 million)		
Group	(R125) million	▼3 025.0%
(2016: (R4) million)		

Attributable profit/(loss)

▲ **198.2%**

R674 million

(2016: R226 million)

Freight Services: Port and Terminals	R182 million	▼19.1%
(2016: R225 million)		
Freight Services: Logistics	R222 million	▲343.0%
(2016: (R91) million)		
Freight Services: Marine Fuel and Agricultural Logistics	R58 million	▲130.5%
(2016: (R190) million)		
Financial Services	R189 million	▲10.5%
(2016: R171 million)		
Group	R23 million	▼79.3%
(2016: R111 million)		

Operating loss

▲ **86.3%**

(R62) million

(2016: (R451) million)

Attributable loss

▲ **13.1%**

(R908) million

(2016: (R803) million)

Management review

Management review

Executive chairman's report to stakeholders	10
Report of the group financial director	14
Five-year review	18
Grindrod's business	22
Business structure	24
Business profile	26
Strategy review	30
Risk review	32
Operational review: Freight Services	46
Operational review: Shipping	50
Operational review: Financial Services	54

Executive chairman's report to stakeholders

The Grindrod vision is to create sustainable returns and long-term value for its stakeholders. During the past few years, a prolonged period of low commodity demand and excess capacity has impacted the achievement of Freight Services and Shipping targets. This required significant restructuring and the closure or sale of a number of Freight Services rail and logistics operations and the impairment of the carrying values of ships.

In the second half of 2016, markets started to turn. Dry-bulk shipping rates and terminal utilisation improved, translating into improved earnings from continuing businesses in 2017.

The change in the cycle also provided the stimulus for implementing the board-approved strategy to unlock shareholder value. In August 2017, the board decided to investigate a spin-off of the Shipping Division as a separately listed entity. The business had remained sustainable during a prolonged period of adverse conditions which saw the failure of several of its peers. The intention is to list on an international stock exchange where the inherent strength of one of the world's most respected ship operators would be properly valued. This process is well progressed and engagement with shareholders is planned as soon as the required information is approved.

Freight Services, having undergone extensive consolidation to reposition its business during the past two years, continues to pursue organic and inorganic logistics and infrastructure growth opportunities to optimise shareholder value.

Financial Services remains focussed on positioning itself to expand its service offering and optimise value within its areas of business. In this regard, substantial value was unlocked in 2017 when two asset-management businesses were successfully merged, with suitably qualified partners, and now operate as significantly larger separately managed entities.

The contributions of the board and executive management are integral to the implementation of Grindrod's strategies, which is why the board decided on an interim arrangement when the CEO retired during 2017. I thank the board for its trust in electing me to oversee the period of transition as executive chairman. Nkululeko Sowazi was appointed a lead independent director to maintain the balance between executive and independent directors and I thank him for his support.

Alan Olivier retired after serving as CEO for eleven years and contributing to Grindrod's growth and success over three decades. We thank him for his dedication to the company.

Financial performance

The improvement in commodity market fundamentals into 2017 and the continued focus on cost reduction and streamlining of operations yielded an improved financial performance in 2017 compared to 2016.

This impacted favourably on the performance of the continuing businesses in Freight Services. Financial Services continued to grow revenue and profit despite negativity in markets due to political turmoil, credit-rating down-grades and pressure on corporate earnings. The continuing businesses posted a headline profit of R598.2 million, a marked improvement on the comparable figure of R290.3 million in 2016.

The discontinued businesses comprise the Shipping division and the locomotive and rail assembly businesses.

The Shipping division benefited from the rising dry-bulk rates and narrowed its headline loss for the year to R202.6 million from R569.6 million in 2016. As the Shipping business is held for sale ahead of the proposed offshore

listing, an impairment of R619.7 million was required to bring the carrying value of the ships to current market value. The impairments were made in line with international financial reporting standards required for held-for-sale assets. On listing in 2018, shareholders will benefit from the release of the significant foreign-currency translation gain.

The locomotive and rail-assembly businesses were sold piecemeal during 2017 with remaining activities closed by year end. The rail-leasing businesses are subject to due diligence and are carried at their expected realisable values.

The profits from Financial Services and the continuing businesses of Freight Services were outweighed by the impairments and closures in discontinued businesses and resulted in an attributable loss for Grindrod of R582.7 million (2016: R1 907.7 million).

Notwithstanding the adverse impact of impairments in current and prior years, the group balance sheet remains strong.

Business performance

Freight Services reported improvements in continuing businesses.

Maputo Port volumes increased by 22.0 percent, buoyed by the improvements in commodity exports and infrastructure, the main driver being the completion of the 75-km dredging project which opened the port to fully laden panamax vessels. Work to further improve berth accessibility and vessel turnaround continues.

Terminals utilisation increased by 22.4 percent to 10.2 (2016: 8.3) million tonnes on the back of improved coal volumes and improved rail resource availability compared to 2016. TCM, the first Maputo Port tenant to take advantage of the dredge, rehabilitated its berth to accommodate fully laden panamax vessels, and reached a run-rate of 71 percent of capacity by year-end. For 2018 over 80 percent terminals capacity has been contracted.

The Oiltanking Grindrod Calulo joint-venture board agreed to initiate the Ngqura Liquid Bulk Terminal project, a concession from ports operator TNPA, following the signing of the BOOT agreement in April 2017. Engagement with all stakeholders has commenced with the final close expected to be concluded during the third quarter of 2018.

Integrated Logistics returned to profit following consolidation and restructuring initiatives implemented in 2016 and 2017.

Preparation to execute a long-term pit-to-port logistics contract for Syrah Resources in Mozambique has commenced. The contract will assist in bringing critical mass to Grindrod's position in the region of Nacala, a growing port hub 500 km from Balama where the Syrah graphite mine is being established.

The carrier transportation businesses remained under pressure due to weak demand in the new-vehicle sector and the impact of the Durban-Heidelberg petroleum pipeline ramping up to full capacity during the year.

Strong competition in the ships agency and clearing and forwarding markets resulted in subdued performances. Röhlig-Grindrod benefitted from moving its four Johannesburg facilities into its new and modern 20 000m² warehouse in Meadows Business Estate, Linbro Park Johannesburg.

The OACL coastal shipping service reported solid results, while marine fuels supplier Cockett Marine Oil returned to profit as the bunker fuels market recovered.

Improvements in agricultural yields saw the agricultural businesses return to profit following the adverse effect of the drought experienced in 2016.

In 2018, Freight Services will continue to focus on achieving business and sustainability targets, using its proven skills and substantial long-term investments in logistics infrastructure to further unlock value.

Shipping reported a reduced headline loss following progressive improvement in shipping markets throughout 2017.

The headline loss shrunk to R202.6 million (2016: R569.6 million), driven by the division turning cash-generative during 2017. Impairments to fleet and goodwill resulted in a net loss attributable to shareholders of R908.2 million (2016: R802.9 million).

Shipping continued to outperform major rates indices through application of its intellectual capital. This, and its fleet renewal strategy to invest in modern vessels built by reputable shipbuilders, position the business to remain in the

Executive chairman's report to stakeholders continued

global lower cost quartile. It is expected that the listing on an international stock exchange with appropriate peers will optimise the value of this well-managed shipping business serving blue-chip clients.

Its reputation was confirmed by Grindrod receiving two awards at the 2017 MPA Seminar for Shipowners – the Green Ship Award for bulk carrier IVS Swinley Forest and the award for Excellence in Manpower Training and Development, in recognition of Shipping's contribution to the development of maritime manpower in Singapore through its nurturing, grooming and training commitments.

Financial Services reported solid results and businesses performed above expectation.

Investment banking activities, transacted through GFS Holdings Proprietary Limited (GFS), recorded solid growth in the UK property portfolio in which it owns a share. Bridge Fund Managers and CoreShares, the two entities through which GFS conducts its asset management businesses, continued to grow.

In Grindrod Bank, Retail focused on ensuring continuity in the on-time distribution of social-grant payments to ten million card holders following the extension of the contract with Cash Paymasters Services by the Constitutional Court to give SASSA the opportunity to negotiate a new dispensation.

Financial Services is investigating ways in which further value can be created by introducing BEE shareholding to propel Grindrod Financial Services to the next level of growth.

Safety

I am personally very saddened to report that, after a fatality-free year in our Freight Services operations in 2016, 2017 saw reportable fatalities involving two Grindrod employees. On behalf of the board and Grindrod, I extend our deepest condolences to families, friends and colleagues. The fatalities were reported to the relevant authorities and duly investigated.

The safety of employees remains a priority and the board is committed to continue driving education, awareness and accountability through its top-down governance structures. Financial Services and Shipping again achieved exemplary safety statistics. Following the two fatalities, Freight Services reviewed its safety drive and renewed its focus on awareness, understanding and training to adequately protect stakeholders against harm, as measured against lost-time-injury-frequency rate (LTIFR), the benchmark indicator of safe practices.

Business sustainability

Applicable guidelines for responsible risk management, quality assurance, legal compliance and ethical behaviour are entrenched in the Grindrod governance structure to guide decisions and actions in achieving sustainable business outcomes in line with the business strategy. The governance framework is continuously reviewed to ensure alignment with relevant national and international frameworks.

In 2017, the risk-management framework was refined to improve alignment with the principles and practices of King IV. The framework now includes a matrix which assigns the responsibility for monitoring and reviewing key business risks to relevant sub-committees of the board. The framework incorporates the principles of the UN's Global Compact and the Sustainable Development Goals adopted by Grindrod. It also includes the six capitals of value creation, outlined in the International Integrated Reporting Council's integrated reporting framework, as criteria in the assessment of business risks and opportunities. Grindrod internalised the six capitals as our money, our assets, our skills, our people, our relationships and our environment.

The board continues to govern risk within a dynamically changing environment. The current top three risks – commodity exposure, global shipping markets and SHERQ – reflect the board's focus on the successful outcome of the strategy, the detrimental effect of harm to stakeholders and the potential erosion of value due to commodity and global shipping market volatility.

Quality control in safety, health and environment are managed against international benchmarks. Freight Services embedded International Standards Organisation (ISO) criteria in its management systems, namely ISO 9001, ISO 14001 and Occupational Health and Safety Advisory Services 18001 (OHSAS 18001). Shipping conforms to stringent International Maritime Organisation (IMO) conventions and laws and all ships under Shipping management are ISO 9001 and ISO 14001 certificated.

Environmental preservation measures are outlined and quantified in the Grindrod Vision 2020 manifesto.

The Grindrod board and management have made progress in achieving transformation in line with its objective to reflect demographics, although the achievement of appropriate female representation remains challenging. The board continues to monitor and review engagement with the relevant authorities on matters related to employment equity and transformation.

Stakeholder engagement, a crucial element in achieving sustainable and transparent relationships, remains a focus area driven from board level.

Grindrod social investments focus on education and marine and coastal conservation, through Adopt-a-School and the Blue Fund, in partnership with the Wildlands Conservation Trust, two well-established organisations that consistently achieve sustainable results.

2018

Grindrod looks forward to 2018. Global markets continue to show signs of improvement and its businesses are set to benefit in coming years from the foundation that has been laid to optimise value creation. In South Africa, the outlook for social and economic stability has also improved following the elective conference of the ruling party in December 2017 and the subsequent inauguration of a new president of the country.

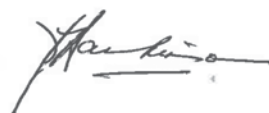
It is heartening that evidence of widespread corruption is being investigated, quantified and acted on. South Africa can only benefit from increased transparency and accountability in private and public spheres – which is essential if we wish to successfully address the persistent challenges in our society resulting from educational and economic inequalities.

It was a pleasure working with dedicated management and operational teams in a challenging year. Each and every person rose to the occasion and threw their weight behind the drive to sustainability. It is regrettable that this process impacted loyal and dedicated employees in discontinued operations.

The strategy to unlock value should be largely completed in the second half of 2018, at which time the board will confirm the executive team tasked with executing on the strategy of the refocused group.



2017: Laying the foundation to optimally create shared value



Mike Hankinson
Executive chairman

23 March 2018

Report of the group financial director

Financial strategy

Grindrod experienced continued improved trading conditions following the recovery in the commodity and drybulk markets in the second half of the prior year. The Grindrod board, has for many years reiterated the intention to separate the Shipping business from the balance of the group. Following the change in the business cycle, the board announced the decision to consider the separate listing of the shipping business, to unlock shareholder value.

Impact of the strategy

The separate listing and exit of the Rail leasing and assembly businesses resulted in:

- The classification of their respective operating results as discontinued operations and
- Disclosure of the carrying value of the assets and liabilities as non-current assets held-for-sale.

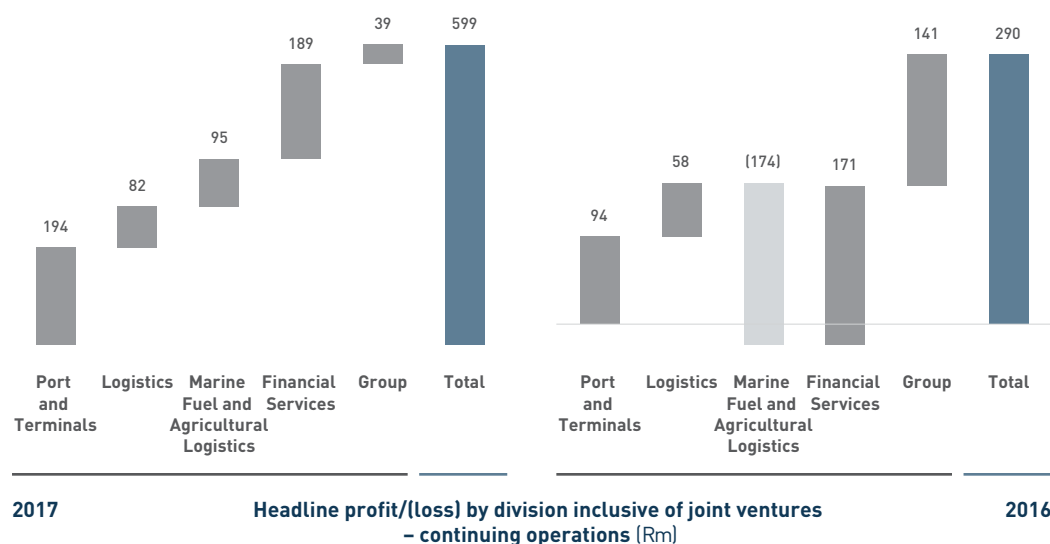
Continuing operations

The group reported an increase in group revenue, inclusive of joint ventures, of 14.0 percent to R21 275.9 million (2016: R18 660.1 million) and earnings before interest, taxation, depreciation and amortisation, inclusive of joint ventures, of R953.6 million was 44.7 percent higher than the prior year R658.9 million. Headline earnings of R570.8 million, a marked improvement on prior year (2016: R208.8 million).

The increase was primarily as a result of improved terminal utilisation and strong performance in continuing operations.

The depreciation and amortisation charge in the group was lower in the current year largely due to the strengthening of the rand/US\$ exchange rate.

Taxation, inclusive of joint ventures, was R236.5 million (2016: R211.0 million) largely remained unchanged.



Discontinued operations

As a consequence, and ahead of the Spin-off, specific ships and goodwill of R619.7 million have been impaired. Note however, that the realisation of the substantial foreign currency translation gain, arising from the Shipping dollar based net asset, will occur on listing in 2018 and could not be offset against the impairment.

Group results

As a result of the significant impairments, the group reported an attributable loss of R582.7 million for the year ended 31 December 2017 (2016: R1 907.7 million).

Ordinary shares in issue remained unchanged at 762 553 314 shares.

For an analysis of the income statement in the manner in which management reviews the results on a management basis (i.e. proportionate basis) refer to the segmental report on page 132.

Statement of financial position

With total assets of R34 949.0 million (2016: R36 179.2 million) and nil gearing (2016: two percent), the group's financial position remains strong. Book net asset value per share is 1 790 cents (2016: 2 007 cents).

Shareholders' equity decreased to R14 152.8 million (December 2016: R15 752.4 million) mainly as a result of losses, impairments and strengthening of the rand. The decrease of R797.4 million to the foreign currency translation reserve was due to the strengthening of the rand/US\$ exchange rate from R13.69/US\$ to R12.39/US\$.

Borrowings, cash flow and liquidity

Long-term debt decreased to R1 015.6 million (2016: R2 226.8 million) largely as a result of the classification of the shipping business as held for sale.

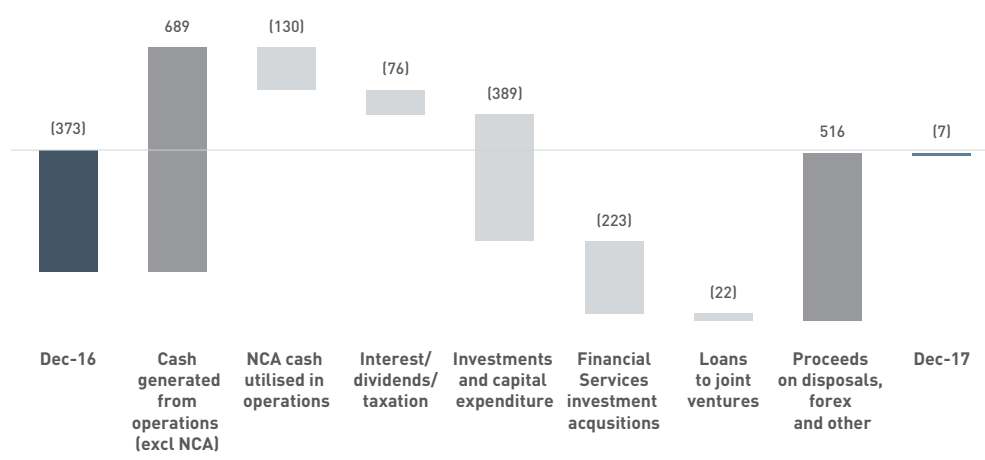
Cash and cash equivalents, excluding Financial Services, decreased by 8.1 percent to R1 975.1 million (2016: R2 149.9 million). Total bank and cash decreased by 5.4 percent to R8 970.3 million (2016: R9 478.1 million) arising from increased deposits in the Financial Services division.

Cash generated from operations was R559.2 million (2016: R491.7 million). Working capital contributed to a net inflow of R97.6 million (2016: R65.7 million).

Proceeds of R238.1 million were received in 2017 (2016: R180.8 million) on the disposal of ships.

Loans to joint ventures of R22.1 million (2016: R644.3 million) were advanced during the year to meet capital requirements.

Dividends of R67.7 million (2016: R113.5 million) were paid to ordinary and preference shareholders.



Net debt analysis (Rm)

Capital expenditure

The group continues to remain committed to strategic investments.

Total capital and investment expenditure was R658.0 million (2016: R1 128.0 million), of which 55 percent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the final payment on the acquisition of a dry-bulk ship, berth deepening and expenditure in Nacala.

Capital commitments of R329.0 million were approved as at 31 December 2017 (2016: R721.0 million). The commitments are primarily to execute a long-term pit-to-port logistics contract for Syrah Resources in Nacala.

The approved commitments exclude planned expansion which is subject to final board consideration.

The capital commitments table includes R269.0 million (2016: R303.0 million) relating to joint ventures.

Report of the group financial director continued

The group reviewed its weighted average cost of capital (WACC) calculation and project hurdle rates to ensure these reflected current market conditions and market outlook. All projects are deemed to be high risk, unless substantiated otherwise. 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%

Foreign currency exposures

The group has US\$540.9 million (2016: US\$622.6 million) net assets based outside of South Africa with US\$ cost bases, generating US\$ revenues. Foreign exchange risks are monitored and mitigated in terms of approved policies.

Taxation

The Group Tax Compliance and Tax Risk Management Policy requires that the group complies fully with the tax laws and regulations of the countries/jurisdictions in which it operates. Risks associated with taxation are monitored and mitigated with reference to the approved policy.

Interest rate exposures

The group'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 the group's interest cover policy.

Financial controls and risk management

Key financial personnel are employed across the group to manage the financial departments which monitor and support the operations through the analysis and reporting of results. These finance teams, with the support of 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 2017, internal financial control frameworks were tested by the internal audit division at a number of 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.

Basis of preparation

The audited summarised consolidated financial statements have been prepared in accordance with the Framework concepts recognition and measurement criteria of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum, contain the information required by IAS 34 Interim Financial Reporting and the Companies Act of South Africa requirements applicable to summarised financial statements.

The provisional accounting relating to the fair value on acquisition of a prior year business combination has been completed. Consequently the comparative figures have been adjusted retrospectively. The effect of the adjustment resulted in an increase in the value of leasehold land and buildings, intangible assets and related deferred tax liability offset by a decrease in goodwill.

In the prior year, ships held for sale was incorrectly disclosed as held for sale assets under inventory instead of remaining in ships, property, terminals, machinery, vehicles and equipment. This prior period error was due to an incorrect interpretation on the treatment of a change in intention relating to dual purpose assets under IAS 16 Property, plant and equipment. The effect of the adjustment resulted in an increase in value of ships offset by a decrease in inventory. There is no impact on profit or loss.

As a result of the decision to separately list the Group's Shipping business and the decision to exit the Rail operations, the Group's prior year summarised consolidated income statement and summarised segmental analysis have been re-presented to take into account the requirements of IFRS 5 Non-current assets held for sale and discontinued operations. The Group's summarised consolidated statement of other comprehensive income, summarised consolidated statement of financial position and summarised consolidated statement of changes in equity are not required to be re-presented.

The full consolidated annual financial statements from which these summarised consolidated financial statements were derived are electronically available on the group's website www.grindrod.com.

These summarised consolidated financial statements, which appear on pages 126 to 137 and the full set of consolidated annual financial statements have been prepared under the supervision of AG Waller, CA(SA) and were approved by the board of directors on 23 March 2018, on the recommendation of the audit committee.

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 2017.

Refer to note 1 of the annual financial statements available on the company'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.

Provisional financials

Summarised consolidated financial statements have been included in the integrated annual report.

Events after the reporting date

There were no events after the reporting date to report subsequent to 31 December 2017, except for the impact of the separate listing of the shipping business.

Focus for 2018

In addition to the strategic financial areas outlined under financial strategy, key financial focus areas for 2018 will be:

- maximise asset utilisation
- improve operating efficiencies and cost
- improve process and controls, and
- management control through improved reporting platforms.

The full set of annual financial statements and notes are available on www.grindrod.com. The audit opinion is available to view at the registered office.



2017: The group remained focused on the strategic execution to unlock shareholder value.

A handwritten signature in dark ink, appearing to read 'Andrew Waller'.

Andrew Waller
Group financial director

23 March 2018

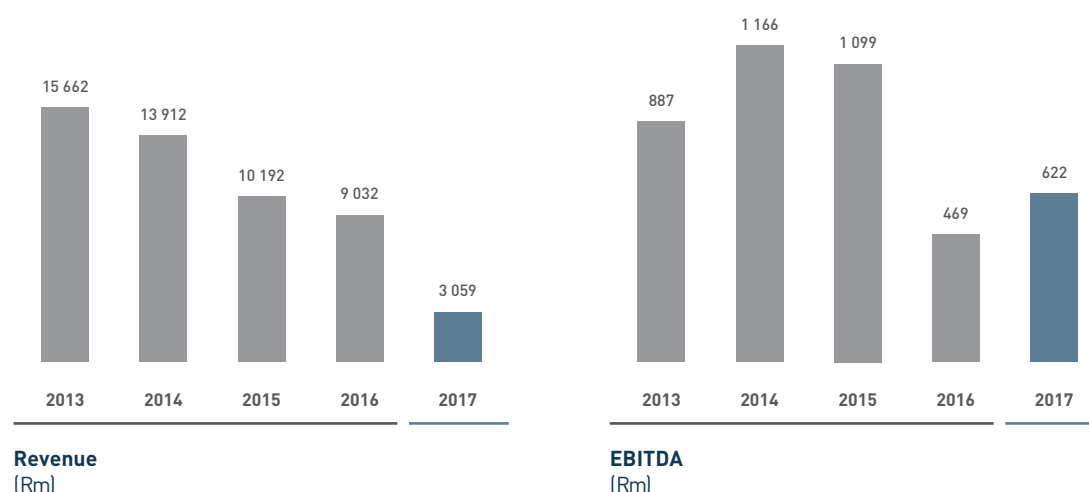
Five-year review

		2017*	2016	2015	2014	2013
GROUP INCOME STATEMENT						
Revenue	(Rm)	3 059	9 032	10 192	13 912	15 662
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(Rm)	622	469	1 099	1 166	887
Depreciation and amortisation	(Rm)	(196)	(584)	(675)	(547)	(463)
Operating profit/(loss) before net interest and taxation	(Rm)	426	(115)	424	619	424
Non-trading items	(Rm)	129	(1 419)	(1 588)	235	479
Net interest received/(paid)	(Rm)	167	91	33	18	(93)
Profit/(loss) before share of joint venture and associate companies' profit	(Rm)	722	(1 443)	(1 131)	872	810
Share of joint venture and associate companies' profit/(loss) after taxation	(Rm)	172	(205)	(47)	398	568
Profit/(loss) before taxation	(Rm)	894	(1 648)	(1 178)	1 270	1 378
Taxation	(Rm)	(173)	(192)	(190)	(194)	(116)
Profit/(loss) after taxation	(Rm)	721	(1 840)	(1 368)	1 076	1 262
Minority interest	(Rm)	(7)	–	3	(16)	(30)
Profit/(loss) for the year before preference dividends	(Rm)	714	(1 840)	(1 365)	1 060	1 232
Preference dividends	(Rm)	(68)	(68)	(61)	(59)	(55)
Profit/(loss) attributable to ordinary shareholders	(Rm)	646	(1 908)	(1 426)	1 001	1 177
Ordinary shareholders' interest in non-trading items	(Rm)	(75)	1 448	1 985	272	(475)
Headline earnings/(loss)	(Rm)	571	(460)	559	729	702
GROUP STATEMENT OF FINANCIAL POSITION						
Non-current assets	(Rm)	7 958	13 476	16 928	15 338	12 492
Loans and advances to bank customers	(Rm)	7 149	5 855	4 916	4 307	3 675
Current assets	(Rm)	19 842	16 848	14 613	13 212	12 255
Total assets	(Rm)	34 949	36 179	36 457	32 857	28 422
Total equity	(Rm)	14 198	15 801	19 140	17 480	12 133
Non-current liabilities	(Rm)	1 326	2 613	3 174	2 971	3 311
Deposits from bank customers	(Rm)	14 640	13 610	9 980	7 810	8 015
Current liabilities	(Rm)	4 785	4 155	4 163	4 596	4 963
Total equity and liabilities	(Rm)	34 949	36 179	36 457	32 857	28 422
GROUP CASH FLOWS						
Cash available from operations (excluding dual purpose assets)	(Rm)	439	2 535	3 179	919	3 304
Distribution/dividends paid	(Rm)	56	29	(151)	(170)	(174)
Cash retained from operations	(Rm)	495	2 564	3 028	749	3 130
Proceeds on disposal of property, terminals, vehicles, equipment, investments and other items	(Rm)	178	278	89	116	161
Cash available for investment	(Rm)	673	2 842	3 117	865	3 291
Cash invested	(Rm)	(525)	(782)	(1 164)	(1 335)	(1 705)
Net finance repaid/(raised)	(Rm)	149	2 060	1 953	(470)	1 586

* 2017 figures are based on continuing operations. Prior years have not been re-presented.

		2017*	2016	2015	2014	2013
ORDINARY SHARE PERFORMANCE						
Number of ordinary shares in issue net of treasury shares	(000s)	751 640	750 548	750 959	751 619	591 586
Weighted average number of ordinary shares on which earnings per share is based	(000s)	751 164	750 539	751 452	678 348	591 109
Earnings/(loss) per share – basic	(cents)	86.0	(254.2)	(189.8)	147.6	199.1
Headline earnings/(loss) per share – basic	(cents)	76.0	(61.2)	74.4	107.5	118.7
Share price – opening	(cents)	1 345	1 129	2 240	2 803	1 585
Share price – closing	(cents)	1 365	1 345	1 129	2 240	2 803
Share price – highest	(cents)	1 575	1 485	2 278	2 895	2 875
Share price – lowest	(cents)	1 025	850	1 032	2 050	1 580
Number of transactions recorded		114 897	128 454	203 077	172 819	96 250
Number of shares traded	(000)	236 901	302 823	349 936	267 875	191 329
Volume of shares traded as a percentage of total issued shares	(%)	31.1	39.7	45.9	38.8	31.8
Market capitalisation at 31 December	(Rm)	10 409	10 256	8 609	17 070	16 839
Price: earnings ratio	(times)	15.9	(5.3)	(5.9)	15.2	14.1
EV/EBITDA – continuing	(times)	26.2	40.8	21.4	19.1	17.2
Dividend/distribution per share	(cents)	–	–	19.6	33.6	37.1
Dividend/distribution cover	(times)	–	–	3.8	3.2	3.2
Dividend yield	(%)	–	–	1.7	1.5	1.3
EBITDA per share – continuing	(cents)	82.8	87.0	227.4	269.0	300.0
Earnings yield	(%)	6.0	(18.9)	(16.8)	6.6	7.1
Net worth per share at book value	(cents)	1 790	2 007	2 450	2 227	1 926
PREFERENCE SHARE PERFORMANCE						
Number of preference shares in issue	(000s)	7 400	7 400	7 400	7 400	7 400
Share price – opening	(cents)	7 750	7 500	8 375	9 350	9 150
Share price – closing	(cents)	7 250	7 750	7 500	8 375	9 350
Share price – highest	(cents)	8 200	8 150	8 500	9 800	9 400
Share price – lowest	(cents)	7 135	7 150	7 440	8 100	8 501
Number of transactions recorded		2 697	2 070	2 590	1 917	3 339
Number of shares traded	(000)	1 656	1 716	1 289	1 576	1 838
Volume of shares traded as a percentage of total issued shares	(%)	22.4	23.2	17.4	21.3	24.8

* 2017 figures are based on continuing operations. Prior years have not been re-presented.



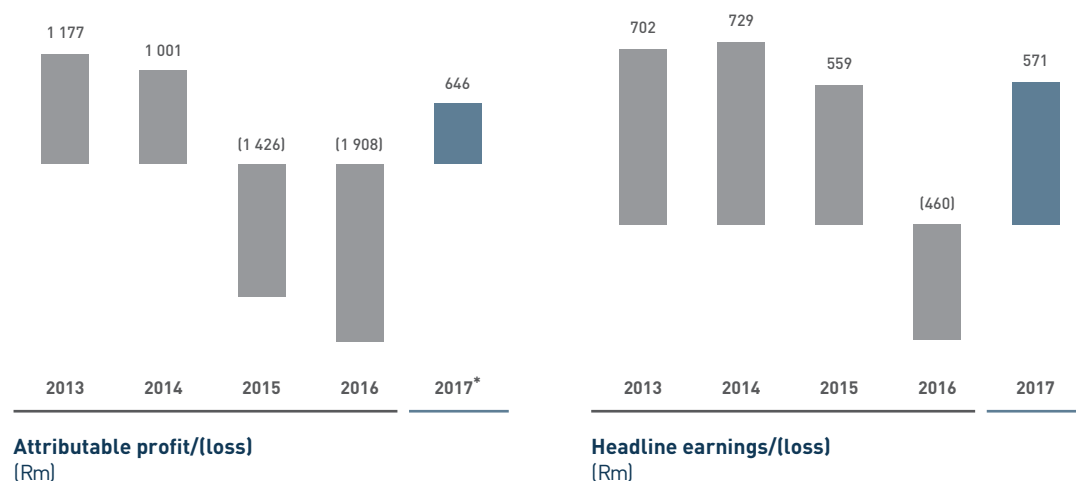
Five-year review continued

		2017*	2016	2015	2014	2013
KEY RATIOS						
Profitability						
Operating margin	(%)	13.9	(1.3)	4.2	4.4	2.7
Operating margin including joint venture entities	(%)	3.0	(0.8)	2.9	3.3	3.6
Return on net assets	(%)	4.0	(8.1)	(5.3)	6.4	9.1
Return on ordinary shareholders' funds – minimum	(%)	4.5	(11.4)	(8.1)	7.2	11.4
Effective rate of taxation excluding joint ventures	(%)	23.9	n/a**	(22.3)	32.2	34.8
Leverage and liquidity						
Total liabilities to total shareholders' interests	(%)	18.0	21.7	13.7	10.9	51.7
Net interest-bearing debt/(cash) to total shareholders' interests	(%)	–	2.4	(0.2)	(3.1)	21.4
Net debt to EBITDA	(times)	–	0.8	–	(0.5)	2.9
Debt:service cover ratio		0.4	0.7	0.7	0.4	0.6
Interest cover	(times)	n/a***	n/a***	n/a***	n/a***	9.7
Current ratio		3.8	3.7	3.3	2.7	2.3

* 2017 figures are based on continuing operations. Prior years have not been re-presented.

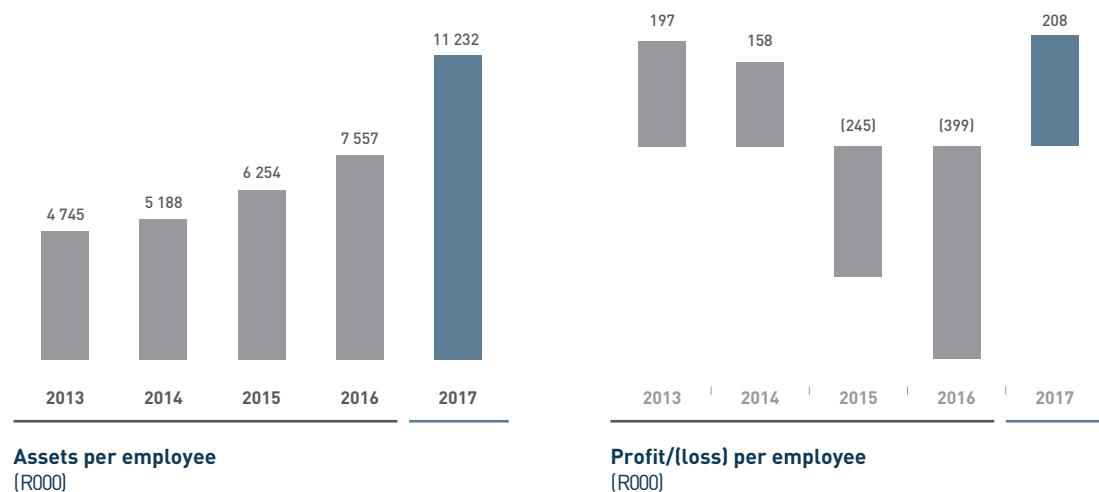
** Effective taxation rate distorted by losses in the shipping and freight services businesses.

*** Interest cover (times) ratio negative in the 2016 year due to operating losses (including non-trading items). 2017, 2015 and 2014 – net interest received position.



		2017	2016	2015	2014	2013
TRANSFORMATION						
Employment equity – HDSA	(%)	79.6	73.9	74.8	78.2	79.1
B-BBEE Contributor Level – Grindrod (South Africa) Proprietary Limited		Level 2	Level 2	Level 2	Level 2	Level 4
SOCIAL RESPONSIBILITY						
Total spend on projects	(Rm)	8.75	11.9	7.3	14.9	15.5
ENVIRONMENT						
Energy efficiency – electricity	(kWh/ FTE)	3 612	3 197	2 706	2 942	2 791
Total GHG emissions (CO ₂ equivalent)	(tonnes)	381 733	453 590	480 782	443 965	512 376
GHG emissions intensity (CO ₂ per rand revenue)	(grams)	18.03	18.19	17.17	13.57	15.60
SAFETY AND HEALTH						
Fatalities						
– Freight Services		2	–	2	1	2
– Shipping		–	1	–	–	–
– Financial Services		–	–	–	–	–
Lost-time incidents						
– Freight Services		39	42	58	68	109
– Shipping		6	7	3	8	8
– Financial Services		–	–	–	–	–
Lost-time injury frequency rate (LTIFR)						
– Freight Services		0.86	0.65	0.67	0.86	1.31
– Shipping		0.13	0.21	0.09	0.26	0.29
– Financial Services		–	–	–	–	–
HUMAN CAPITAL						
Number of employees at year-end		5 232	5 881	7 044	7 506	7 675
– subsidiaries		3 472	4 090	4 908	5 443	4 304
– joint ventures and associate companies		1 760	1 791	2 136	2 063	3 371
Training spend	(Rm)	6	9	13	17	18
Average training spend per employee	(R)	1 090	1 530	1 849	2 315	2 344
Assets per employee*	(R000)	11 232	7 557	6 254	5 188	4 745
Profit/(loss) per employee*	(R000)	208	(399)	(245)	158	197

* Calculated based on employee numbers at effective shareholding. Excludes discontinued operations.



Grindrod's business

as at 31 December 2017

Grindrod's **vision** is to create sustainable returns and long-term value for its stakeholders

6 values guide the execution of the vision:

- 1** **Transparency** in the disclosure of information.
- 2** **Respect** for stakeholders, assets and the environment.
- 3** Operating with **integrity**.
- 4** Acting with **professionalism** in service delivery.
- 5** Treating people with **fairness**.
- 6** **Accountability** for actions

The values and sustainability pillars guide the company in formulating its **strategies** ◀ pg30, which are developed with due cognisance of identified **risks** and **opportunities** ◀ pg32 and focus on optimising the capitals as key inputs to its business operations.

Capital inputs

Our resources and relationships

- pg62 ▶ **Our money**
Retained earnings
Equity funding
Debt funding
- pg66 ▶ **Our assets**
Port, terminals and interlinking infrastructure
Integrated Logistics infrastructure
Shipping fleet
- pg68 ▶ **Our skills**
Globally respected brand
Sound knowledge base
Specialised skills
Proven systems and structures
- pg70 ▶ **Our people**
5 232 skilled employees
People-focused policies
- pg76 ▶ **Our relationships**
Engagement structures
Strategic relationships
- pg78 ▶ **Our environment**
Natural resources

What we do

How our business creates shared value

Freight Services and **Shipping** drive growth by investing in and managing suitable logistics infrastructure to create an integrated logistics solution for bulk cargo movement.

Freight Services integrates group infrastructure and logistics and freight-agency services to move dry- and liquid-bulk commodities, vehicles and containers along import/export corridors.

Shipping operates a diversified fleet of owned, long-term chartered and joint-venture dry-bulk and liquid-bulk vessels across the world.

Financial Services creates value and achieves growth through its suite of niche investment, asset management, property finance and retail services.

Financial Services comprises Grindrod Bank, an authorised financial-services provider regulated by the South African Reserve Bank, and indirectly Bridge Fund Managers and Coreshares registered investment-management companies and an FSB-authorised financial-services providers.

4 sustainability pillars support the values:

1 The **health and safety** of employees, contractors and visitors.

2 Respect for **people**.

3 Minimising the adverse impact of business activities on the **environment**.

4 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.

Strict **corporate governance** ◀pg90 structures guide the business in compiling business plans and monitoring associated business performance to promote effective decision-making. Sound systems and structures provide for effecting transactions and **engaging** ◀pg97 with **stakeholders**.

Capital outputs	Capital outcomes	Impacts
Outputs from providing our products and services	Our value-add	Our impact on society
Revenue inflows	Funding projects Maintaining and growing investments and infrastructure Paying tax and levies to central, regional and local governments Paying suppliers and employees Dividends to shareholders	Infrastructure growth Community development through, <i>inter-alia</i> , corporate social responsibility funding Capacity to support growth Provision of public infrastructure and services Financial wellness and rewards
Seamless logistics value chains	Viable logistics solutions	Export growth support Sustainable communities in areas of operation
Governed business management	Managing the business within objective legal and ethical frameworks	Generate and maintain employment opportunities Stimulate economic growth
Innovative, bespoke offerings to clients		
Employee safety and well-being	Personal and professional growth Access to equal opportunities Commitment to business goals and growth	Decent work and economic growth Reduced inequality Sustainable communities
Mutually beneficial stakeholder involvement	Mutual understanding of business goals and balance in the needs, interests and expectations of stakeholders	Improved stakeholder sustainability
Mitigate adverse environmental impacts	Responsible consumption, feasible and quantifiable reductions in adverse effects	Reduced emissions, coastline preservation and improved sustainability on land and below water

◀pg62

◀pg66

◀pg68

◀pg70

◀pg76

◀pg78

Business structure

as at 31 December 2017

pg46 ► Freight Services[^]

Freight Services invests in and manages infrastructure and resources to achieve its mission to be the preferred provider of a broad range of freight logistics services, mainly on the African continent. The division integrates group infrastructure and logistics and freight-agency services to move dry- and liquid-bulk commodities, vehicles and containers along import/export corridors. The integration of logistics infrastructure includes port operations, terminals, stevedoring, intermodal solutions, warehousing, distribution, road transportation, freight-agency services and the supply of marine fuels and lubricants.

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 15mtpa dry bulk, 280 000m³ liquid bulk and 120 000 vehicles a year. Stevedoring services are also provided.

Integrated Logistics manages the transportation of vehicles and fuel through its fleet of specialised vehicles and provides containerised cargo and cargo-handling services. Warehouse depots have a storage capacity for 24 600 TEU and 120 000 tons of cargo.

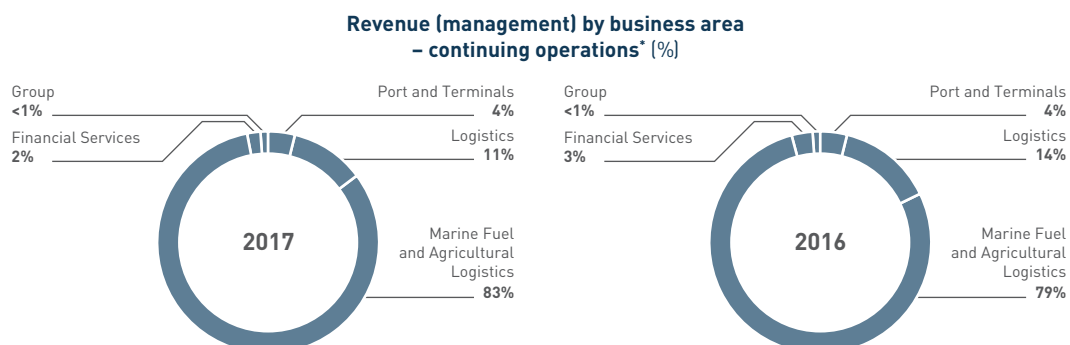
Ships agency and clearing and forwarding provides freight-clearing and forwarding and ships-agency services.

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

Agricultural Logistics provides inputs to agricultural producers as well as market access and storage and logistics of bulk agricultural products.

Marine fuel Cockett Group is a global reseller of marine fuel products, including physical supply at select locations through its subsidiary V-Marine Fuels, and is a joint venture between Grindrod and Vitol.

[^] – includes discontinued rail services not detailed in the table above.



* Excludes revenue and assets of discontinued operations.

pg50 ► **Shipping***

Shipping operates a diversified fleet of owned, long-term chartered and joint-venture dry-bulk and liquid-bulk vessels across the world.

Island View Shipping (IVS) operates and commercially manages owned and long-term chartered handysize and supramax dry-bulk carriers. This fleet comprises 33 vessels, including 15 in joint ventures. In addition, a number of third-party vessels are commercially managed in the IVS pool.

Unicorn Shipping owns and long-term charters 15 medium-range and small-products tankers, including six in joint ventures.

Ship-operating complements the dry-bulk services with shorter-term parcel services, using supramax bulk carriers, and liquid bulk services using three liquid-bulk coastal carriers.

* discontinued operation due to Spin-off.

pg54 ► **Financial Services**

The **Financial Services** division provides niche investment, asset management, loan finance and retail services through Grindrod Bank and GFS Holdings as holding company for the asset management business.

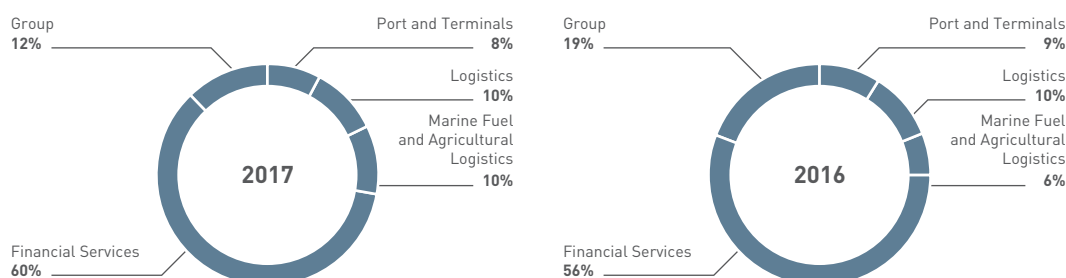
Grindrod Bank is an authorised financial-services credit provider regulated by the SARB.

Banking products include secured and mezzanine loans, corporate finance services, preference-share investments, treasury deposits as well as retail card services.

Non-bank financial services include medium-term private equity investments (property and equity), third-party asset management services and a suite of 10 CoreShare Index Tracker Manager ETFs.

Bridge Fund Managers, a subsidiary of Infinitus Holdings Proprietary Limited, is a registered investment management company and an FSB authorised financial services provider holding Category I and II licences. It provides bespoke investment management, stockbroking, financial planning and fiduciary services to individuals, family trusts and educational and charitable institutions. It also manages investments on behalf of institutional investors and pension funds in segregated portfolios, and a suite of three offshore US\$-denominated unit trusts and eleven local collective investment schemes.

Assets by business area – continuing operations* (%)



* Excludes assets of discontinued operations.



Business profile

as at 31 December 2017

pg46 ► Freight Services

Port and Terminals

Port

Port concession

24.7% – Maputo Port Development Company (MPDC)

Terminals

Auto terminal

70% – Grindrod 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% – RBT Grindrod, Richards Bay
 75% – Port of Walvis Bay, Namibia

Liquid-bulk terminals

30.5% – OTGC Holdings

Stevedores

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

Logistics

Integrated logistics

Container logistics

100% – Grindrod Intermodal

Auto road transportation

100% – Grindrod Logistics Automotive

Fuel road transportation

100% – Grindrod Fuellogic
 100% – Petrologistics (Botswana)
 70% – Grindrod Fuellogic Mozambique

Rail

Main-line operations

74% – NLPI Group

Ships agency and clearing and forwarding

Clearing and forwarding

42.5% – Röhlig-Grindrod

Ships agency services

100% – Sturrock Grindrod Maritime (SGM)

Seafreight

Seafreight

100% – Ocean Africa Container Lines (OACL)

Marine Fuel and Agricultural Logistics

Marine fuel

Marine fuel

50% – Cockett Marine Oil

Agricultural logistics

Agricultural Logistics

20.4% – Senwes
 20.7% – NWK



pg54 ► **Financial Services**

Banking

96.5% – Grindrod Bank

Private equity and asset management

96.5% – GFS Holdings Proprietary Limited

Discontinued operations

pg50 ► **Shipping ***

Dry-bulk shipping

100% – Island View Shipping (IVS)

Liquid-bulk shipping

100% – Unicorn Shipping

Ship operating

100% – Unicorn Tankers (SA Coast)

100% – Unicorn Bunker Services

100% – Parcel Services

65% – Island Bulk Carriers

Rail

Shunting, siding management and cargo management

100% – Grindrod Corridor Management

100% – Grindrod Rail Operations

Locomotive design, engineering manufacturing, leasing and maintenance

100% – Grindrod Locomotives

55% – GPR Leasing Africa

55% – GPR Leasing South Africa

100% – RRL Grindrod

100% – RRL Grindrod SL2


















* discontinued operation due to Spin-off.

















Business profile continued

Geographic representation

Representation in 31 countries

	Africa																	
	South Africa	Swaziland	Angola	Botswana	Cameroon	Ghana	Ivory Coast	Kenya	Malawi	Madagascar	Mauritius	Mozambique	Namibia	Sierra Leone	Tanzania	Zambia	Zimbabwe	
																		
Port												●						
Terminals	●											●	●					
Integrated logistics	●			●								●	●					
Rail	●			●	●		●		●		●	●		●			●	
Ships agency and clearing and forwarding	●	●	●			●		●		●		●	●		●	●		
Seafreight	●																	
Marine fuel	●																	
Agricultural logistics	●			●												●		
Financial Services	●																	
Shipping	●											●						

	North and South America			Europe and United Kingdom			Asia and Middle East							
	Australia	Brazil	USA	Greece	Netherlands	United Kingdom	China	Hong Kong	India	Japan	Singapore	South Korea	Turkey	UAE
														
	●										●			
	●	●	●	●	●	●	●	●	●		●	●	●	●
						●								
					●	●				●	●			

Strategy review

2017 key focus areas

Unlock shareholder value by:

- Spinning off the Shipping division as a separate business listed on an appropriate international stock exchange and the JSE.
- Consolidation of the Freight Services division and exiting the non-core businesses.
- Repositioning Financial Services to enable expansion of services within an enabling governance and funding structure.

Freight Services

Optimise business operations to be sustainable despite negative market dynamics.

Expand existing and acquire additional infrastructure assets to grow the business.

Shipping

Manage the effects of depressed markets on the business.

Compliance with increasingly stringent environmental requirements.

Financial Services

Drive business targets despite negative market influences.

Unlock value from existing businesses.

Ensure continuity in payments to SASSA bank-card beneficiaries beyond the initial contract period.

Outcomes

- Evaluated options and initiated negotiations on repositioning to achieve objective.
- Continuing businesses returned to profit.
- Disposal and closure of non-core rail assembly businesses.
- Continued to grow revenue and profits, including strong performance from repositioned asset-management businesses.

- Reconfigured the divisional management structure and operating model to achieve sustainability and capitalise on synergies.
- Returned continuing businesses to profit.
- Exited the rail-assembly businesses successfully.
- Completed the TCM berth rehabilitation and quay offset to accommodate fully-laden post-panamax vessels following the successful conclusion of the Port of Maputo dredging project.
- Secured the ten-year Syrah Resources graphite logistics contract in northern Mozambique and interim arrangements to meet contractual obligations from June 2018 until permanent infrastructure has been established.
- Progressed closer to the implementation of the 25-year joint-venture Port of Ngqura petroleum-products terminal.

- Continued outperforming major shipping-rate indices.
- Maintained net cost base through cost savings and third-party ship-management and commercial fees.
- Became cash-generative in the second half of the year.
- Continued ability to raise bank finance at a time when many shipping companies closed down as a result of adverse market conditions.

- Reduced fuel consumption and carbon footprint by investing only in eco-friendly, quality vessels built by reputable ship-builders.
- Completed the installation of variable frequency drives on certain vessels to further increase energy efficiency.
- Managed ballast-water treatment systems to ensure meeting the ten-year deadline for the implementation of more stringent requirements.

- Performed above expectation, growing both revenue and profit.

- Achieved solid growth in Bridge Fund Managers and CoreShares in their first year as stand-alone businesses.

- Paid beneficiaries on time and participated in engagements with stakeholders to facilitate a smooth transition to the next phase of the process.

2018 key focus areas

- Achieve primary foreign and secondary local listing in the first half of 2018.
- Conclude exit from discontinued Rail businesses.
- Continue to pursue growth opportunities.
- Investigate expansion opportunities.

- Explore potential acquisitions and mergers to create scale and improve sustainability.

- Progress start-up projects and continue to explore potential infrastructure investments.
- Drive completion of key infrastructure to provide integrated solutions.
- Progress engagement with key stakeholders.

- Manage the fleet based on proven business model.
- Evaluate fleet-renewal and -growth opportunities.

- Continue investment in initiatives that reduce the environmental impact of the fleet.

- Grow the business to achieve targets, secure adequate funding lines for growth and target negligible bad debt.

- Conclude the repositioning of the business.

- Collaborate with stakeholders to address SASSA concerns.

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 page 90.

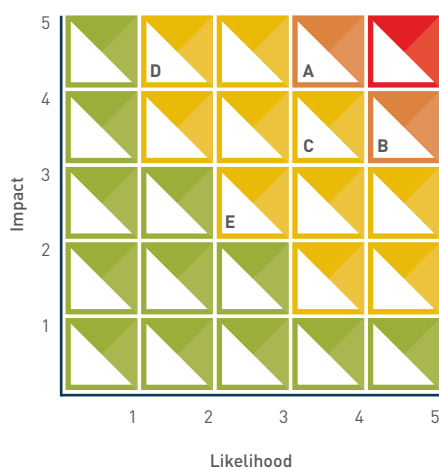
Key risk areas

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.

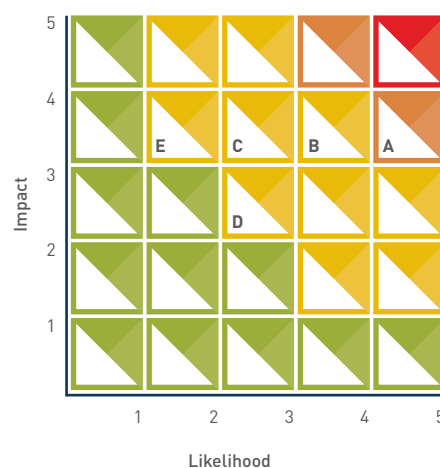
Key risk area	Current risk rating	Rating reported in 2016	Page
Commodity exposure	B ↑	B	pg35 ►
Global shipping markets	B ⇄	A	pg36 ►
SHERQ	B ↑	C	pg37 ►
Political and sovereign	B ⇄	A	pg38 ►
Liquidity	B ↑	C	pg39 ►
Loss of key management staff	C ⇄	B	pg40 ►
Supplier/partner concentration	C ⇄	B	pg41 ►
Empowerment/B-BBEE	C ⇄	B	pg42 ►
Strategy implementation	D	Not reported	pg43 ►
Business reputation	E ⇄	D	pg44 ►
Investment risk	E ⇄	D	pg45 ►

Residual risk heat maps

Current risk heat map



2016 risk heat map



- 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

Risk management

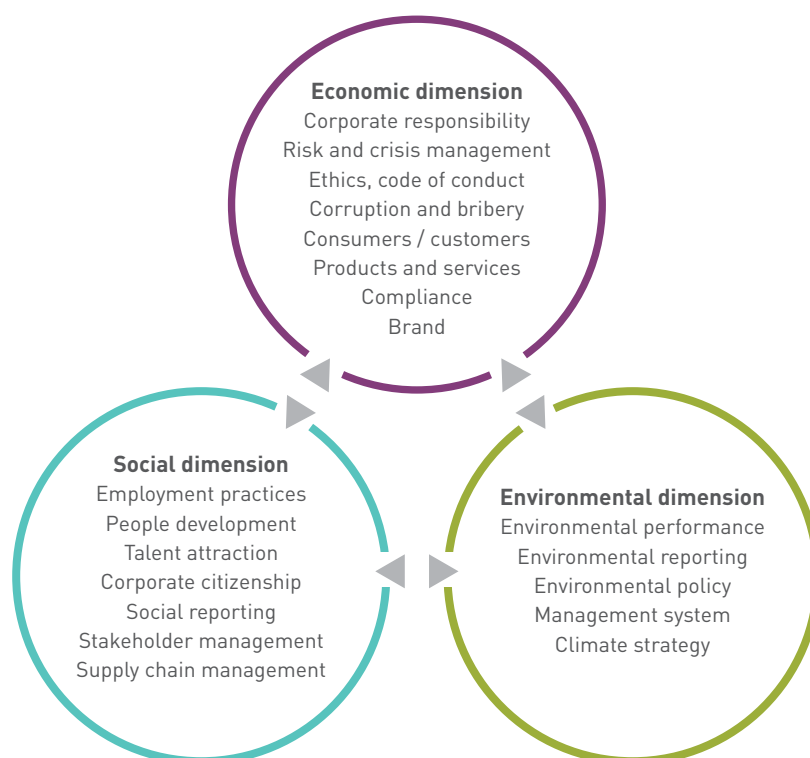
Risk management is embedded, within an approved and group-wide applied framework, in business operations and decision-making processes across the group.

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 within the context of the six capitals of value creation in conjunction with identifying related business opportunities which could undermine or favourably influence the achievement of business objectives.

Management is accountable for the design and implementation of the systems and processes underpinning risk management and for monitoring and reporting to the board. 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 function engages with management across all operations to identify key risks 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. Comprehensive reporting provides a basis for the monitoring and review by the appropriate sub-committees of the board and the board at its quarterly meetings.



Risk review continued

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:



Roles and responsibilities

In 2017 the risk-management framework was revised, which revision included 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 opportunities that may strengthen the prospects of Grindrod achieving its strategic objectives.
- Encouraging a proactive approach to issues likely to negatively and positively 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 developing a comprehensive understanding of causes, effects and consequence, leading to a complete risk response.

Role	Responsibility
Board	Retains the ultimate responsibility for risk governance, including compliance and performance-related aspects, and for determining the appropriate level of risk that Grindrod is willing to accept and opportunities it is willing to pursue in relation to the achievement of strategic business objectives.
Risk committee	Assists the board in carrying out its risk-governance responsibilities.
Audit committee	Ensures the integrity of internal financial controls and identifies and manages financial risks.
Social and ethics committee	Assists the board in discharging its corporate governance responsibilities relating to sustainable development, good corporate citizenship, ethics, the environment, health and public safety, legal compliance, stakeholder relations, labour and employment.
Nomination committee	Reviews the skills and experience base and performance of the board and its committees, oversees executive management succession planning to promote business continuity and oversees the selection processes for appointments to the board.
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	Co-ordinates risk-management activities throughout the group and continually reviews the system and process of risk management against accepted standards and best practices.
Employees	Report on risks and opportunities they become aware of.
Internal audit	Performs an objective assessment of the effectiveness of risk governance.

RISK 1 – Commodity exposure

Description

Grindrod is exposed to the risk of cyclical commodity demand and prices, which result in volatility of its earnings and asset utilisation.

Current risk rating	Exposure
High	↑

Reason for movement in exposure

Good progress has been made in engaging with mineral commodity customers to address the cost of the supply chain and to ensure continuity of supply.

Potential impacts

- Volatile earnings and returns on investments in infrastructural assets.
- Impact on enterprise and stakeholder value.

Risk mitigation

- Improve capacity utilisation through commodity, customer and geographic diversification.
- Include commodity-price participation clauses in contracts to benefit from commodity price upsides.
- Engage major customers and suppliers to optimise logistics solutions and align objectives to mutually beneficial levels.
- Continuously reconfigure infrastructural assets to be able to manage improved volumes more efficiently.

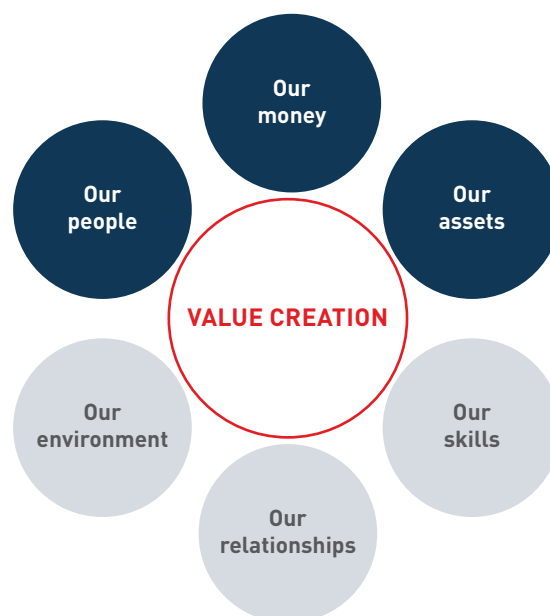
Risk governance matrix

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.

Resources impacted



Risk review continued

RISK 2 – Global shipping markets

Description

Grindrod is exposed to volatility in the market sectors in which the Shipping division operates. Charter rates are influenced by global seaborne trade growth against net increases in the shipping fleet. Prolonged periods of weakness in global shipping markets adversely influence revenue streams and the return on assets.

Current risk rating

High

Exposure

↔

Reason for movement in exposure

During 2017 dry-bulk shipping rates improved considerably and stability in the global fleet capacity is anticipated with a reduction in the delivery of forward-ordered newbuilds and continued increase in demand for seaborne cargo.

Potential impacts

- Below-budgeted income, with resultant liquidity and loss-making consequences.
- Failure to achieve acceptable returns on shipping assets.

Risk mitigation

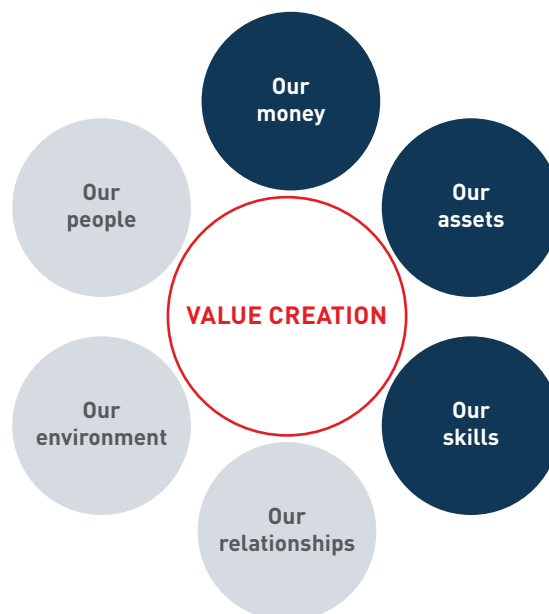
- Measure long-term exposure to charter and spot markets utilising established and annually reviewed robust risk and liquidity models.
- Monitor shipping market dynamics on a continuous basis.
- Optimise market penetration through charter and pooling arrangements.
- Manage fleet efficiency in terms of cost and returns through a structured fleet-replacement programme.
- Renegotiate funding terms and covenants when required.
- Taking cargo and contract cover at opportune times in the market.

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
●	●				●	●
<p>● 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.</p>						

Resources impacted



RISK 3 – SHERQ

Description

Grindrod operates in an environment that exposes its employees, other stakeholders and the environment to potential risks. 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 voluntary adopted frameworks.

Current risk rating	Exposure
High	↑

Reason for movement in exposure

Two fatalities occurred within the Freight Services division during the year. During the previous year shipping reported one fatality.

Potential impacts

- Fatalities and injuries.
- Significant environmental events.
- Reputational damage.
- Reduced enterprise and stakeholder value.

Risk mitigation

- Drive compliance to SHERQ and sustainability policies.
- Monitor SHERQ through transparent structures which include the group SHERQ management committee and the social and ethics board sub-committee.
- Implement SHERQ and legal-compliance KPIs at senior employee levels.
- Develop integrated ISO management systems and a rigorous procedure for incident reporting, investigation and remedial-action.

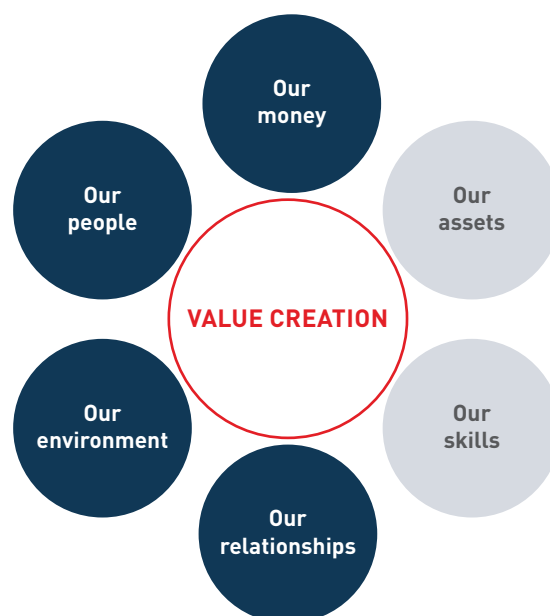
Risk governance matrix

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.
- Group SHERQ management committee.
- Independent verification agencies.
- Client audits.
- Mutual risk group assurance provider.

Resources impacted



Risk review continued

RISK 4 – 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.

Current risk rating	Exposure
High	↔

Reason for movement in exposure

Whilst at an early stage, there has been improvement in the political climate in both Mozambique and South Africa.

Potential impacts

- 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 or concessions.

Risk mitigation

- Perform thorough country and investment assessment aligned with the group investment policy prior to board approval of investments.
- Insure political risk where appropriate.
- Engage collaboratively and consultatively with regional governments and communities.
- Invest in meaningful social upliftment initiatives.
- Partner with local businesses that are knowledgeable, reputable and follow the Grindrod investment philosophy.
- Maintain a centralised treasury hub to minimise foreign exchange risks multi-currency 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:

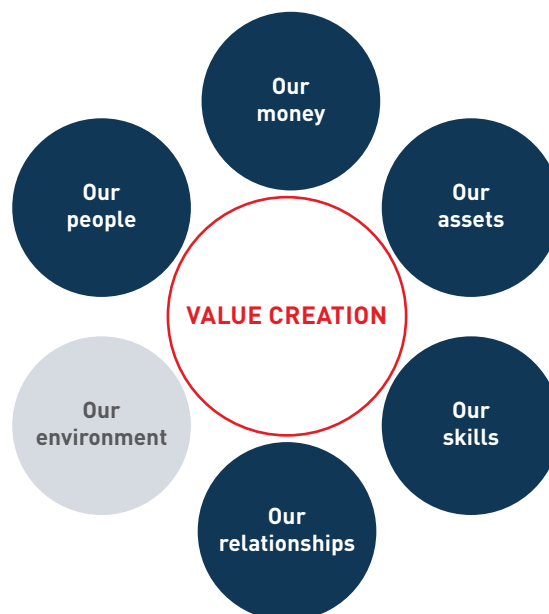
Audit committee	Investment committee	Nomination committee	Remuneration committee	Social and ethics committee	Internal specialist functions	External assurance providers
●	●			●	●	

● Primary committee that oversees the risk.

● 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.

Resources impacted



RISK 5 – Liquidity

Description

Grindrod's ability to meet the funding requirements for operations, projects and acquisitions may be negatively affected by restricted liquidity.

Current risk rating	Exposure
High	↑

Reason for movement in exposure

The business generated cash in the past year and gearing remains low. During the preparation for the Spin-off of the Shipping division, the various funders were engaged to ensure the two remaining businesses' funding requirements are in place.

Potential impacts

- The inability to fund and execute strategic acquisitions and projects.
- A request to repay existing facilities.
- Cost and risk implications in the case of funding-term mismatches.

Risk mitigation

- Manage businesses to continue generating cash from operations.
- Drive working-capital management to ensure optimal stocks, minimal work-in-progress and timely customer collections.
- Maintain an optimal balance between equity and debt funding and committed and uncommitted bank facilities.
- Renegotiate funding terms and covenants when required.
- Each business should meet its applicable debt covenants.

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
●	●				●	●

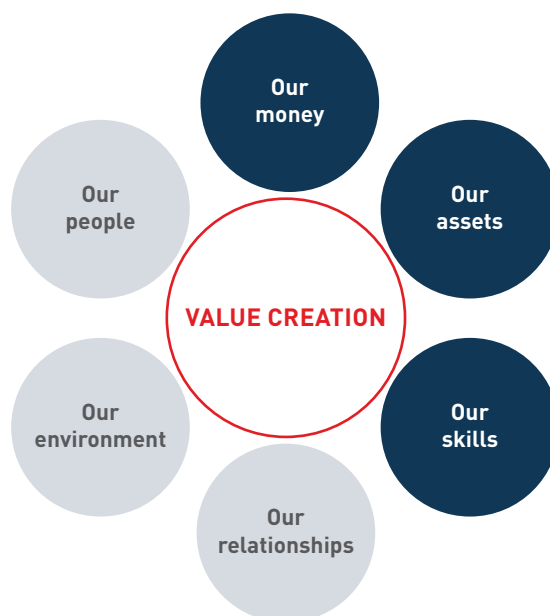
● Primary committee that oversees the risk.

● 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.

Resources impacted



Risk review continued

RISK 6 – Loss of key management staff

Description

Grindrod's reputation as a preferred provider hinges on the skills and experience of key management staff, the loss of which could jeopardise continuity of the business and its reputation.

Current risk rating	Exposure
Medium	↔

Reason for movement in exposure

Increased risk during the year due to group restructure was adequately managed resulting in no change in exposure.

Potential impacts

- Business stability and continuity in the implementation of the business strategy.
- Reduced enterprise and stakeholder value.

Risk mitigation

- Engage with key managers on the group's vision and future direction.
- Clearly communicate the strategy, key focus areas and status of the group.
- Implement targeted retention strategies for key members of the senior and executive management teams.
- Prioritise talent-management and performance-development initiatives.
- Implement succession planning for top executives and monitor at board level.

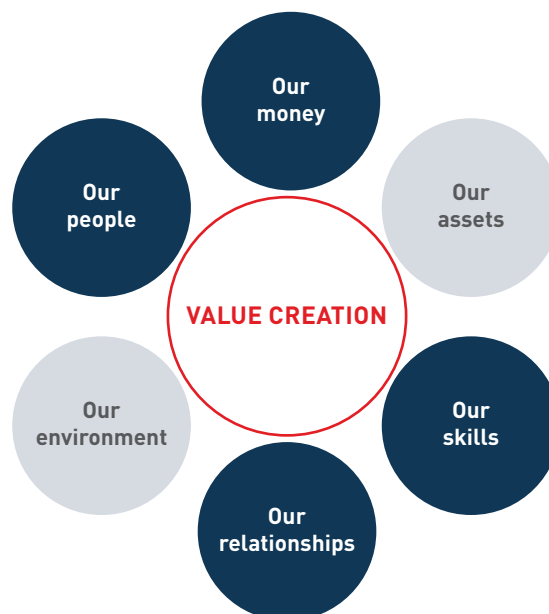
Risk governance matrix

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.
- HR steering committee.

Resources impacted



RISK 7 – Supplier/partner concentration

Description

Grindrod operations that rely on agreements with suppliers and partners to optimise infrastructure utilisation and business outcomes could be jeopardised by a distortion in sustainable income in the case of a default.

Current risk rating	Exposure
Medium	↔

Reason for movement in exposure

Relationships with key suppliers and partners continue at a good level, with the improvement in the economy assisting with engagements.

Potential impacts

- A loss of sustainable income if a crucial supplier or partner defaults on an agreement.
- Reduced enterprise and stakeholder value.

Risk mitigation

- Engage constructively with relevant suppliers and partners at strategic and operational levels to ensure mutual commitment to unlock the potential of infrastructural assets.
- Continuously assess concentration risk against established risk models.

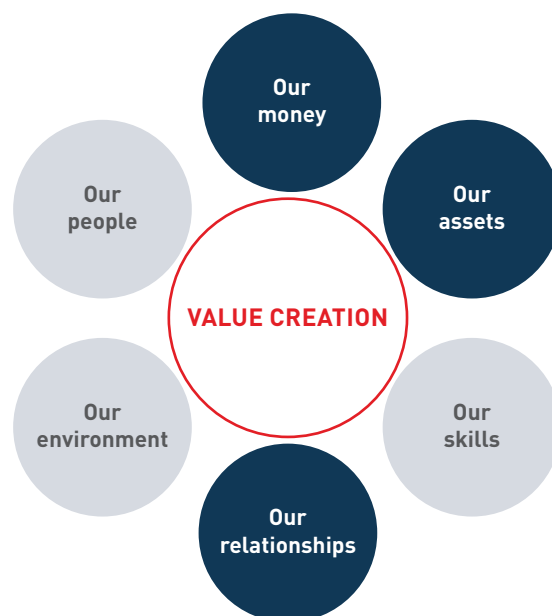
Risk governance matrix

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.

Resources impacted



Risk review continued

RISK 8 – Empowerment/B-BBEE

Description

Grindrod is exposed to increasing empowerment and transformation compliance requirements, at legislative and industry-charter levels, in the southern African countries in which it operates. Adequately addressing these requirements is integral to retaining and growing the group's position as a preferred service provider, whilst also contributing to a structured and transformed economy that enables meaningful participation by the majority of citizens.

Current risk rating

Exposure

Medium



Reason for movement in exposure

In South Africa, compliance receives priority but risk from legislative changes and group changes will increase. Grindrod continuously monitors developments in other Southern African countries to ensure compliance.

Potential impacts

- 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

- Drive transformation and equity compliance across the group.
- 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.
- Mitigate country-specific risks through compliance with local legislation, regulations and other mandatory requirements.
- 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.

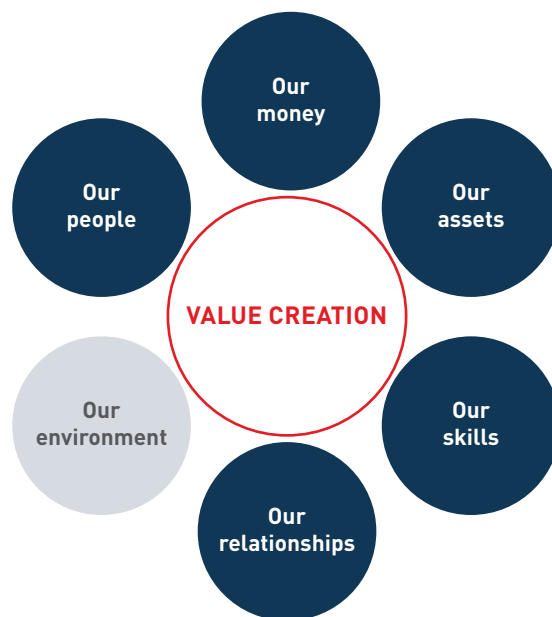
● Oversees aspects of the risk as relevant to the mandate of the committee.

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

● HR steering committee.

● Independent assurance provider.

Resources impacted



RISK 9 – Strategy implementation

Description

Grindrod's share price has continued to trade at a substantial discount to the underlying asset value. The group's ability to unlock shareholder value can be adversely influenced by factors that are integral to the implementation of key strategies to promote future growth of continuing operations.

Current risk rating	Exposure
Medium	N/A

Reason for movement in exposure

This risk was identified during the Spin-off of the Shipping division and included in the risk register for the first time during the year.

Potential impacts

- Failure to adequately effect the Spin-off of Shipping into a separately listed company.
- The inability to successfully implement key strategies to achieve organic and inorganic growth in continuing operations.
- Reduced enterprise and stakeholder value.

Risk mitigation

- Intensify board participation and key executive focus to meet the requirements and processes for successful Spin-off.
- Implement targeted retention strategies to address the unique needs of executive and key senior managers.
- Focus on stakeholder engagement.
- Appoint independent specialist advisors to facilitate compliant and efficient strategy execution and optimise value-add after Spin-off.
- Develop a focussed strategy to optimise value-add at divisional level post-Spin-off in conjunction with the disposal of non-core assets.

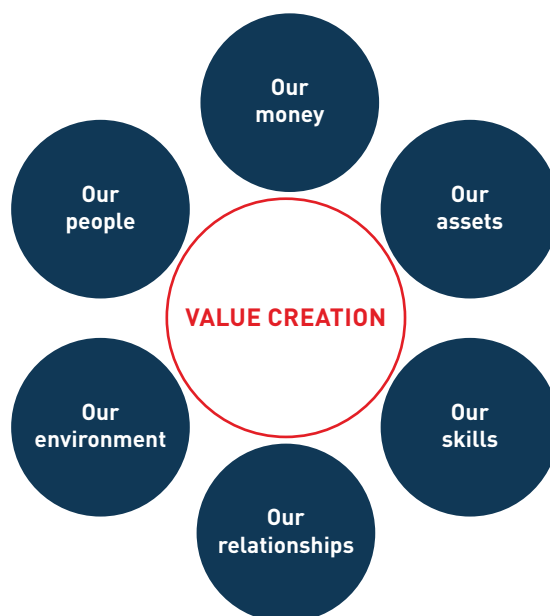
Risk governance matrix

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 external auditor.
- Independent internal auditor - evaluation of the effectiveness of internal controls relevant to the risk.

Resources impacted



Risk review continued

RISK 10 – Business reputation

Description

Grindrod's tangible and intangible asset base has supported the establishment of its brand and global recognition as a reputable integrated logistics service provider. Events that impact negatively on the group's resources could tarnish the market perception of Grindrod as a responsible corporate citizen.

Current risk rating

Medium

Exposure

↔

Reason for movement in exposure

Good progress has been made addressing the risk. Grindrod received indirect negative publicity in respect of its role in the SASSA payment process. Grindrod continues to perform its specific role to the best of its ability and in terms of the agreed mandate.

Potential impacts

- Litigation and/or claims from customers.
- Loss of key personnel and associated intellectual capital.
- Fines from regulators.
- Loss of competitive advantage.
- Reduced enterprise and stakeholder value.

Risk mitigation

- Enforce sound governance structures to prevent adverse situations as a result of inadequate management and operational controls.
- Formalise a reputational risk management strategy.
- Focus on stakeholder engagement.

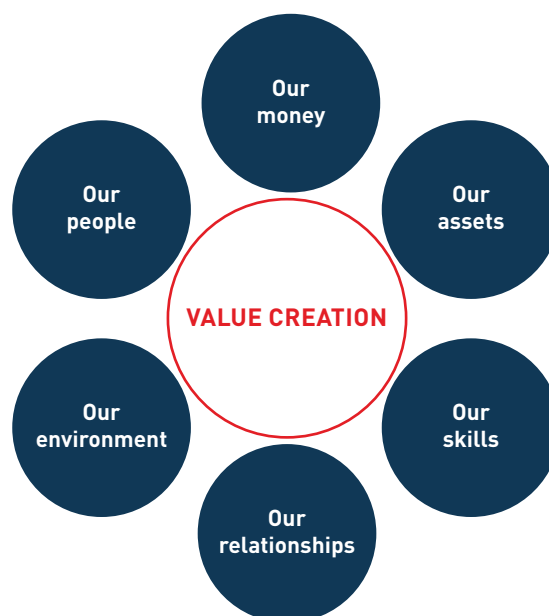
Risk governance matrix

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.
 ● Independent specialists advisors.

Resources impacted



RISK 11 – Investment risk

Description

Grindrod invests in large, long-term projects and assets in terms of a board-approved investment policy. Flawed investment decisions may impact negatively on business sustainability.

Current risk rating	Exposure
Medium	↔

Reason for movement in exposure

Successful mitigation and management of the risk resulted in no movement in the exposure to the company.

Potential impact

- Value erosion through lower returns, reduced cashflows and a depreciating share price.

Risk mitigation

- Consider capital investment opportunities within the context of the six capitals of value creation in accordance with the Grindrod investment policy and in terms of the limits of authority framework.
- Obtain input from the investment committee to challenge the risk parameters and ensure that no opportunity is overlooked.

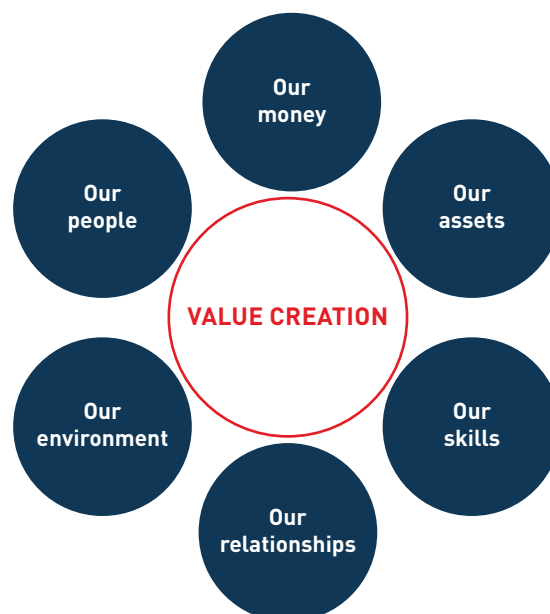
Risk governance matrix

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 verification agencies.

Resources impacted



Operational review

Freight Services



Key achievements 2017

- Returned continuing operations to profit.
- Achieved growth in the restructured logistics business.
- Completed a TCM berth-rehabilitation and quay-offset project to accommodate post panamax vessels.
- Achieved strong growth in Terminals volumes.
- Awarded a ten-year pit-to-port logistics contract through the Port of Nacala in northern Mozambique.
- Consolidated four Röhlig-Grindrod Johannesburg facilities into a large, modern warehouse.
- Maintained Level 2 B-BBEE score within its major operating entity, Grindrod (South Africa).



Key challenges 2017

- Two fatalities.
- Managing the exit from rail assembly businesses, which affected some 500 employees.
- Managing uncertainty amongst staff during restructuring and following the decision to spin off the Shipping division.



Key focus areas 2018

- Intensify the focus on achieving SHERQ targets.
- Reconfigure Grindrod Limited in alignment with the refocused Freight Services business.
- Drive increased asset utilisation across businesses.
- Investigate opportunities to bulk up the division through acquisitions and mergers to achieve scale and improved sustainability.
- Conclude the exit from the non-core rail businesses.
- Maintain focus on meeting B-BBEE requirements in South Africa and neighbouring countries.

Key indicators

Economic

Continuing operations

Revenue

▲ **14.8%**

R20 797 million

(2016: R18 116 million)

Social

Number of employees*

▼ **15.9%**

3 953 employees

(2016: 4 702)

Environmental

GHG emissions (CO₂ equivalent)^

▼ **15.2%**

71 761 tonnes

(2016: 84 624 tonnes)

EBITDA

▲ **120.4%**

R714 million

(2016: R324 million)

Fatalities

2 fatalities

(2016: 0 fatalities)

GHG emissions intensity^^

▼ **9.0%**

4.08

(2016: 4.43)^^^

Operating profit/(loss)

▲ **10 600.0%**

R420 million

(2016: (R4) million)

LTIFR

▲ **32.3%**

0.86

(2016: 0.65)

Water usage

▼ **7.3%**

108 818kl

(2016: 117 438kl)

Attributable profit/(loss)

▲ **925.0%**

R462 million

(2016: (R56) million)

Social responsibility spend

▼ **16.7%**

R4.5 million

(2016: R5.4 million)**

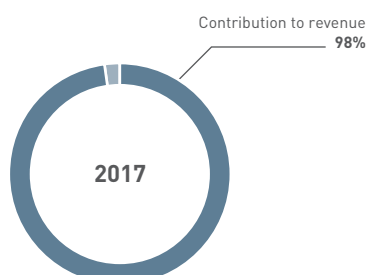
Water intensity^^^^

▼ **20.8%**

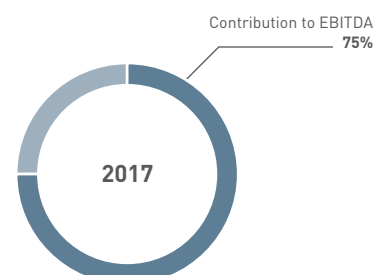
17.48

(2016: 22.08)

Contribution to revenue – continuing operations [%]



Contribution to EBITDA – continuing operations [%]



* Includes joint ventures and associates at 100% shareholding.
** Restated to reflect effective shareholding of joint ventures and associates.
^ Total GHG emissions including scope 3 (tonnes CO₂-e).
^^ grams CO₂ per Rand revenue.
^^^ Re-presented for discontinued operations as detailed in the basis of preparation.
^^^^ kl per FTE.

Operational review continued

Freight Services continued

2017 review

Strategic review and operational changes initiated in prior years resulted in a significant improvement in profits in continuing operations as market conditions improved. Continuing businesses, comprising Maputo Port and Terminals, Logistics and Marine Fuel and Agricultural Logistics, posted headline earnings of R598.2 million, a marked improvement of R290.3 million achieved in 2016.

Maputo Port and Terminals

Excluding the 2016 foreign currency translation reserve (FCTR) release of R120.3 million, relating to the disposal of Vitol Coal South Africa included in Terminals results, Port and Terminals earnings outperformed prior year by 74 percent to R182.1 million. The performance is underpinned by strong volume and commodity linked price participation rates at Terminals.

Maputo Port

Despite the 22 percent volume increase, buoyed by strong demand and infrastructure improvements, Port earnings at R72.0 million decreased by 24 percent compared to 2016 due to the impact of a stronger rand against the dollar, increased interest charges due to the debt funded channel dredge project and R12.0 million of proceeds as compensation for the Katanga bridge construction, which were included in the 2016 earnings.

Port volume increased to 18.2 million tonnes, the main driver being the completion of the 75-km access channel dredge project which opened the port to fully laden post panamax vessels. This project unlocked an increase of 40 percent in the Port's capacity. The Port's own volume handled (excluding sub concession volume) was a record at 6.8 million tonnes.

The dredging project forms part of the 30-year port masterplan, which was initiated in 2010, and includes making the port navigation channels and some berths accessible to larger vessels and reconstructing terminal infrastructure to match the increased cargo demand.

The subsequent project is to reconstruct three berths into two during 2018 in terms of an 18-month contract. The project includes changes to supporting terminal and warehouse infrastructure to load vessels up to 250m in length quicker and to capacity, improving turnaround times and berth utilisation. The three berths handle mainly sugar, grain and general cargo.

Terminals

Terminals trading earnings increased significantly to R110.1 million supported by an increase of dry-bulk terminal volume of 22 percent to 10.2 million tonnes (2016: 8.4 million tonnes).

The Matola Terminal posted the largest volume increase of 37 percent to 5.2 million tonnes, a record volume, at capacity utilisation of 71 percent compared to 52 percent in 2016. Matola was the first Maputo Port sub-concessionaire to gear its facilities to service post panamax vessels through its berth rehabilitation and quay offset project, and upgrades to its ship loaders to improve coal and magnetite loading times. Over 80 percent terminal utilisation capacity has been contracted for 2018.

Maputo Terminal volume increased to 0.8 million tonnes after a brief return of road haulage of low grade iron oxide to take advantage of high iron ore prices, and additional sized coal volume contracts secured during the year. The terminal has scalable annual capacity utilisation of 1.2 million tonnes.

A subdued vehicle market and significant devaluation of the Mozambican metical negatively affected the Maputo Car Terminal. The number of cars handled remained muted at 16 339 and well below annual capacity of 120 000 cars.

Richards Bay Terminal volumes of 3.9 millions tonnes were in line with 2016 volumes due to the impact of stormy weather at the start of the year, which caused loading delays of up to 27 days in the first half of the year. Coal volumes at Navitrade were 1.5 million tonnes compared to 1.2 million tonnes in 2016.

The Boot agreement with TNPA was signed in April 2017 and the Oiltanking Grindrod Calulo joint-venture board agreed to initiate the Ngqura Liquid Bulk Terminal project, a concession from ports operator TNPA. Engagement with stakeholders in the initial phase of this project is progressing.

Logistics

Logistics returned to profit from a loss of R91.3 million in 2016 to a profit of R221.8 million following consolidation and restructuring initiatives implemented in 2016 and 2017. Logistics businesses consist of Integrated Logistics, Ships Agency, Clearing and Forwarding, Continuing Rail Business and Coastal Shipping Service.

Integrated Logistics

This division, which houses the intermodal, fuel and vehicle transportation businesses, previously managed separately, benefited from infrastructure sharing and consolidation following management and operational restructuring. The division is now well positioned to grow from its current base and reported a loss reduction of 65 percent to R32.7 million this year (2016: (R93.8) million).

At Intermodal, tight margins impacted the South African business. However, performance during the second half of the year improved. The Maputo business continues to face the challenge of low volumes resulting in capacity under-utilisation.

The vehicle transportation business experienced tough market conditions, with minimal growth in new vehicle sales and a high level of competition in the industry. The business is however well positioned to capitalise on an upturn in the market.

Fuel transportation continued to reposition its business to optimise growth in Botswana and Namibia and to mitigate the impact of reduced local road-transport demand as a result of the now fully completed multi-purpose petroleum pipeline from Durban to Heidelberg. The business was awarded a material three-year contract for the distribution of liquid petroleum products to retail and commercial outlets.

Grindrod was awarded a significant five-year logistics contract by Syrah Resources, owner of the Balama Graphite Mine in northern Mozambique. The pit-to-port contract positions Grindrod as a key player in the region of Nacala, a growing port hub 500 km from Balama. Grindrod will be responsible for the transportation, storage and handling, container-packing and export-clearance of an expected annual 360 000 million tonnes of flake graphite at full production. During mine ramp-up, Grindrod provides interim logistics arrangements while its cross-dock facility outside the port of Nacala is being constructed.

Ships Agency

Despite strong competition in the ships agency services markets, Sturrock Grindrod Maritime posted earnings of R19.9 million during the year, albeit 18 percent lower than 2016. Its presence in certain regions in Africa is under review due to regional challenges. Potential acquisitions are being reviewed, which if successful, will unlock synergies and provide a platform for growth.

Clearing and Forwarding

Röhlig-Grindrod, a clearing and forwarding business, moved from its four Johannesburg facilities into its new and modern 21 000m² warehouse with capacity for 36 000 pallet positions during the year. Its earnings at R17.7 million are 55 percent lower than 2016 due to the impact of tight margins and a reduction in customer base.

Continuing Rail Business

Continuing Rail businesses, comprising management and operational services for customers on the north-south corridor, continues to improve off a low base. Losses were halved to R6.6 million (2016: loss R19.5 million). The north-south corridor remains a strategic asset and Grindrod increased its share during the year to 74 percent by exercising its first right of refusal.

Coastal Shipping Service

Ocean Africa Container Lines reported earnings of R78.5 million, an increase of 10 percent on prior year. This business provides a shipping service between major ports in South Africa, Mozambique, Namibia and Angola, operates warehouses in Durban and Cape Town and multipurpose terminals in Durban for containerised, break-bulk and bulk cargoes.

Marine Fuel and Agricultural Logistics

This division returned to profit of R57.8 million from a loss of R189.8 million in 2016, underpinned by improvement in agricultural yields, with both Senwes and NWK reporting profits, and despite challenging trading conditions in the marine fuel trading business.

Operational review continued

Shipping



Key achievements 2017

- Maintained world-class safety achievements.
- Out-performed major shipping indices.
- Qualified to raise bank finance notwithstanding adverse market conditions.
- Became cash-generative in the second half of the year.
- Took delivery of the twelfth and last Japanese built eco-friendly dry-bulk supramax carrier ordered in 2014.
- Improved further on the fuel efficiency of the fleet by progressing the installation of variable-speed drives.
- Achieved zero oil spills in excess of one barrel for the 12th consecutive year.
- Received two awards at the 2017 MPA Seminar for Shipowners.
- Successfully prevented staff exposure to the outbreak of bubonic plague in Madagascar.



Key challenges 2017

- Managing the business in difficult market conditions.
- Preparing for the Spin-off of the Shipping division as a separately listed business.



Key focus areas 2018

- Finalise the Spin-off and listing of the new company on an international stock exchange.
- Evaluate fleet-renewal and -growth opportunities.
- Maintain compliance with increasingly stringent environmental requirements and regulations.

Key indicators

Economic

Discontinued operations

Revenue

▲ **1.2%**

R5 174 million

(2016: R5 113 million)

Social

Number of employees*

▲ **8.4%**

1 054 employees

(2016: 972)

Environmental

GHG emissions (CO₂ equivalent)^

▼ **18.9%**

296 167 tonnes

(2016: 365 412 tonnes)

EBITDA

▲ **4 560.0%**

R223 million

(2016: (R5) million)

Fatalities

No fatalities

(2016: 1 fatality)

GHG emissions intensity^^

▼ **20.8%**

56.61

(2016: 71.45)^^^

Operating loss

▲ **86.3%**

(R62) million

(2016: (R451) million)

LTIFR

▼ **38.1%**

0.13

(2016: 0.21)

Fuel oil tonnes

▼ **20.5%**

91 457

(2016: 115 041)

Attributable loss

▼ **13.1%**

(R908) million

(2016: (R803) million)

Social responsibility spend

▲ **63.2%**

R3.1 million

(2016: R1.9 million)**

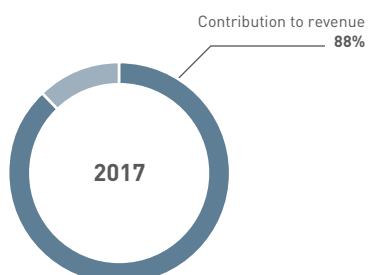
Total energy usage (GJ)

▼ **20.3%**

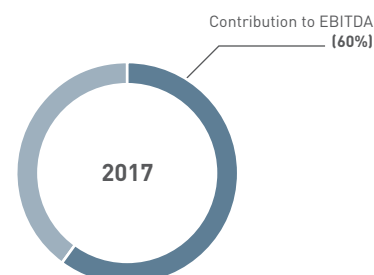
3 956 551

(2016: 4 962 265)

Contribution to revenue – discontinued operations
[%]



Contribution to EBITDA – discontinued operations
[%]



* Includes joint ventures and associates at 100% shareholding.

** Restated to reflect effective shareholding of joint ventures and associates.

^ Total GHG emissions including scope 3 (tonnes CO₂-e).

^^ grams CO₂ per Rand revenue.

^^^ Re-presented for discontinued operations as detailed in the basis of preparation.

Operational review continued

Shipping continued

2017 review

The Shipping division benefitted from improving market conditions, reporting a net headline loss of R202.6 million, a considerable improvement from the R569.6 million headline loss in 2016. Impairments to fleet and goodwill of R619.7 million resulted in a net loss after tax of R908.2 million (2016: R802.9 million). The division was cash-generative in 2017.

Dry-bulk rates improved during the year as increased demand for commodities bolstered a four-per-cent increase in seaborne volume. Handysize rates surged from US\$5 422 a day in February to US\$9 104 at year-end and supramax rates from US\$6 432 a day to US\$10 478. The low point in 2016 was US\$2 698 per day for handysize and US\$2 330 per day for Supramax. The tanker market continued to be hampered by an imbalance between oil supply and demand and an over-supply of vessels, which was affected also by a gradual change in fleet utilisation patterns as some oil majors prefer to charter vessels themselves.

Global fleet growth seems to be stabilising as the delivery of newbuilds decline. This is the result of stressed liquidity caused by the depressed market conditions up to 2016 and uncertainty around the specifications that will be detailed in environmental legislation and regulations which are still being drafted.

Grindrod's continued investments in eco-friendly newbuilds to maintain a young and competitive fleet mitigates the risk of non-compliance to the ever-more stringent requirements, which, with its experienced management team targeting indice-beating performance, will contribute to the protection of its status as a blue-chip operator of the reputed Island View Shipping and Unicorn brands.

In January 2017, the last of the 12 newbuilds ordered in 2013/2014 was delivered. A medium-range tanker and a handysize dry-bulk vessel were sold in 2017. A chartered capesize dry-bulk carrier, a chartered MR products tanker and a chartered small tanker were redelivered during the year.

The increasingly stringent international environmental regulations confirm the benefit of investing in quality vessels manufactured in reputable Japanese shipyards. The vessels offer, amongst other benefits, reduced fuel consumption, which is increasingly being monitored by authorities. Additional fuel-saving was achieved by installing variable-frequency drives on a number of vessels over the past few years. Following

the installation of the last two in 2017, fuel-saving improved by 16 percent compared with 2016. Any decrease in fuel consumption also contributes to CO₂ emission reductions.

Current regulations governing the use of environmentally friendly, but more expensive, low-sulphur fuel in territorial waters are in the process of being broadened to include international waters by 2020.

Shipping has started upgrading ballast-water treatment systems on vessels in its fleet that do not comply with the more stringent regulations being implemented over a ten-year period.

Calculated on a proportional basis, Shipping wholly or partially owned and long-term chartered 36.5 vessels (2016: 41.2).

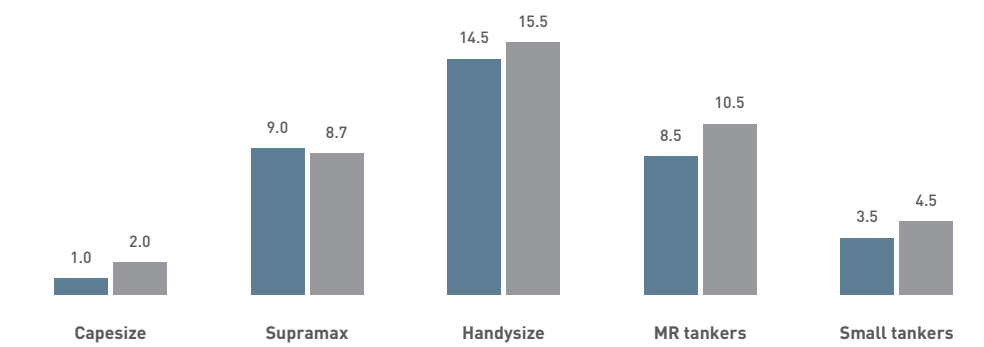
At year-end, the division commercially managed 38 dry-bulk vessels, which include five Japanese-owned handysize dry-bulk vessels managed on behalf of third parties. During the year, a further 16 vessels per month were commercially managed through short-term commercial management agreements. The Grindrod tanker fleet is commercially managed through pool and long-term charter agreements.

Island View Shipping benefitted from the increasing dry-bulk shipping rates. Global fleet capacity should stabilise in 2018, following the last substantial deliveries of forward-ordered newbuilds in January. Its young and efficient fleet gears IVS to benefit from improving rates and a slower growth in global fleet capacity.

Unicorn Shipping experienced reduced earnings due to the weak tanker market. Global fleet growth in excess of demand, notably in the smaller and medium-range sectors, remains a concern. The delivery of forward-ordered tankers should taper off towards mid-2018, when preparations for the northern-hemisphere winter is expected to contribute to seasonal increased demand.

Ship-operating reported a reduced profit due to rate fluctuations and load and discharge delays at some ports. In the third quarter of the year tonnage demand for exports out of southern and east Africa increased substantially, especially for handysize and supramax vessels.

During the year, **Cockett Marine Oil** and **OACL** were incorporated into Freight Services.



Shipping fleet

(number of vessels)

■ 2017
■ 2016

Dry-bulk rates at 2 March 2018 were as follows:

	Spot rates (US\$ per day)	One-year time charter rates (US\$ per day)	Three-year time charter rates (US\$ per day)	Average spot rates 2017 (US\$ per day)	Average spot rates 2016 (US\$ per day)
Handysize	9 000	9 500	9 500	7 512	5 214
Supramax	11 500	12 000	11 500	9 351	6 164
Capesize	12 400	20 000	18 500	14 232	7 388

Source: Clarksons Research – Shipping Intelligence Network.

Tanker charter rates at 2 March 2018 were as follows:

	Spot rates (US\$ per day)	One-year time charter rates (US\$ per day)	Three-year time charter rates (US\$ per day)	Average spot rates 2017 (US\$ per day)	Average spot rates 2016 (US\$ per day)
Medium range	13 343	13 250	14 250	11 830	13 620
Small	11 153	10 250	10 500	10 150	9 700

Source: Clarksons Research – Shipping Intelligence Network.

Operational review continued

Financial Services



Key achievements 2017

- Achieved solid results despite disruptive market influences.
- Ensured continuity in the bank's obligation to SASSA grant beneficiaries following the extension of the contract beyond its expiry date.
- Achieved strong growth in Bridge Fund Managers and CoreShares in their first year as stand-alone businesses.
- Recorded strong growth in the UK property portfolio.
- Outsurance became a CoreShares shareholder and included its index portfolios in the online Outvest suite of products.



Key challenges 2017

- Managing the business in a stagnant economy, aggravated by low interest rates, credit-rating downgrades and political uncertainty.
- Exploring solutions to improve transformation.
- Managing the impact on Grindrod Bank of negativity directed at the SASSA contract holder.



Key focus areas 2018

- Capitalise on the expected organic growth.
- Manage investments and activities to mitigate the effects of any volatility in the stock market, customers' economic expectations and potential changes in the country's sovereign rating.
- Explore empowerment possibilities to increase growth prospects.
- Manage compliance with increased local and international regulations.
- Evaluate new technologies to increase competitiveness and improve service delivery.

Key indicators

Continuing operations

Economic

Revenue

▼ **5.1%**

R467 million

(2016: R492 million)

Social

Number of employees*

▲ **8.7%**

225 employees

(2016: 207)

Environmental

GHG emissions (CO₂ equivalent)[^]

▼ **9.3%**

6 347 tonnes

(2016: 7 000 tonnes)

EBITDA

▲ **7.5%**

R363 million

(2016: R338 million)

Fatalities

No fatalities

(2016: No fatalities)

Scope 1 GHG emissions

▼ **13.1%**

3 719 tonnes

(2016: 4 279)

Operating profit

▲ **7.8%**

R358 million

(2016: R332 million)

LTIFR

Zero

0.00

(2016: 0.00)

Scope 2 GHG emissions

▼ **0.7%**

2 419 tonnes

(2016: 2 436)

Attributable profit

▲ **10.5%**

R189 million

(2016: R171 million)

Social responsibility spend

▲ **63.2%**

R3.1 million

(2016: R1.9 million)**

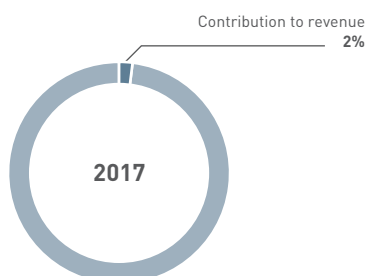
Scope 3 GHG emissions

▼ **26.7%**

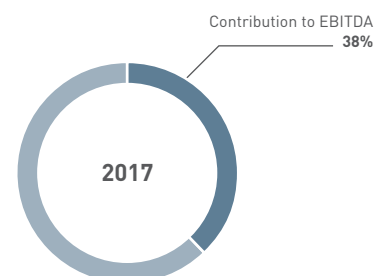
209 tonnes

(2016: 285)

Contribution to revenue
[%]



Contribution to EBITDA
[%]



* Includes joint ventures and associates at 100% shareholding.

** Restated to reflect effective shareholding of joint ventures and associates.

[^] Total GHG emissions including scope 3 (tonnes CO₂-e).

Operational review continued

Financial Services continued

2017 review

Financial Services again reported solid results, achieving increased attributable profit despite negative market pressures caused by, amongst others, the effects of political turmoil, pressure on corporate earnings and the threat of credit-rating downgrades.

Revenue declined by 5.1 percent to R467.0 million (2016: R492.2) million and attributable profit increased by 10.5 percent to R189.0 million (2016: R171.0 million). The balance sheet remained strong, with assets at R18.23 billion (2016: R16.22 billion) at year-end. The decline in revenue is primarily due to the sale of the asset management business at the end of 2016.

Banking

Lending, the core traditional banking business, exceeded budget on advances, retained 2016 margins and incurred negligible bad debt. Advances totalled R8.8 billion (2016: R7.6 billion).

Treasury, which funds the bank lending activities, attracted additional core funding of R1.2 billion compared with 2016, excluding SASSA-related transactions in the Retail division.

Corporate Finance did not achieve budget, due to market and political uncertainty which negatively affected corporate transactions.

Capital Markets reported solid earnings in its R2.0-billion third-party preference share investment product.

Retail activities were focussed on ensuring continuity in its payment obligation to SASSA card-holder beneficiaries into 2018, following the extension of the social-grants contract by the Constitutional Court. The contract is for the monthly disbursement of 17 million grants of R11.5 billion to over 10 million card-holders. The bank is committed to comply with regulatory requirements and engage with stakeholders to find appropriate solutions for a smooth transition to the next phase of the process.

Investment banking

GFS Holdings Proprietary Limited (GFS) manages investments in property and private equity. The private equity arm targets small- to mid-sized companies for equity investments and companies with strong growth potential. The more significant investments are:

- A 230-million-pound UK-based property portfolio, in which GFS holds a 30 percent share. The investment performed well on the back of healthy demand for warehousing and distribution centres.
- A R261 million investment in Infinitus Holdings Proprietary Limited (49 percent shareholding), the holding company of Bridge Fund Managers which achieved strong growth in a volatile market.
- A meaningful minority stake of 8.5 percent in Lenmed Group, the largest unlisted provider of hospitals and related healthcare services in South Africa. The R200-million investment will help fund the company's acquisitive growth strategy.

The niche asset-management businesses GFS established as separate entities during the past two years reported good growth:

- Bridge Fund Managers has R14.9 billion assets under management in various instruments, most of them based on the Payers and Growers® philosophy. Bridge is a 76 percent subsidiary of Infinitus Holdings, in which GFS holds 49 percent. Bridge Collective Investments grew assets under management by some 30 percent and the flagship funds, Bridge Managed Growth Fund and Bridge Stable Growth Fund, enjoyed solid support across both the retail and retirement fund markets.
- CoreShares offers a range of passive index-tracking ETFs. The business was established by GFS with subsequent investments of 25 percent each by RMI Holdings and Yellowwoods. In 2017, Outsurance bought the Yellowwoods shares and integrated the CoreShares index portfolios directly into the advice algorithms developed for its Outvest robo-advisor, the online, automated Outsurance advice business.

Resources review

Resources review	58
Our money	62
Our assets	66
Our skills	68
Our people	70
Our relationships	76
Our environment	78

Resources review

The introduction by the International Integrated Reporting Council (IIRC) in 2013 of the concept of six capitals of value creation marked a meaningful movement towards a clearly defined framework for what was, until then, referred to as triple-bottom-line reporting. The concept has since then also been incorporated in King IV.

The capitals form an integral part of the foundation of the Grindrod integrated governance, risk and sustainability framework which guides the business in formulating and implementing its strategy. The company 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).

Building on the capitals approach to create value, various international best-practice governance and sustainability tools have been used to develop an integrated governance, risk and sustainability framework to guide Grindrod in creating sustainable value to the benefit of all stakeholders.

In addition to the six capitals, governance and sustainability benchmarks and tools included in the framework are:

- The King IV Report on Corporate Governance for South Africa, 2016;
- the Sustainable Development Goals (SDGs) published by the United Nations in terms of its 2030 Agenda for Sustainable Development;
- the SDG Compass, a tool that facilitates sustainability as an outcome of core business strategy; and
- the UN Global Compact's Ten Principles, a value system targeting people and planet.

These elements combine to provide a holistic framework for determining the feasibility of actions to create shared value through economic growth, governance, social inclusion, environmental protection, collaboration, partnerships and ethics. It provides for a correlated and interactive approach, as depicted in the graphic on the next page.



The holistic approach reduces risk and increases the potential for identifying opportunities, while the concept of shared value reconnects company success with social progress, resulting in shared value being created.

King IV provides a principle- and outcomes-based approach to achieve accountability, responsibility, fairness and transparency through an integrated approach. It lays the foundation for creating a value chain aiming to have positive impacts on all stakeholders, through positive inputs, business activities, outputs and outcomes.

The UN SDGs represent a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 17 goals are globally relevant and mobilise all stakeholders towards a common purpose.

Five of the SDG goals – SDG4: quality education, SDG6: clean water and sanitation, SDG8: decent work and economic growth, SDG9: industry, innovation and infrastructure and SDG13: climate action – were adopted by Grindrod as they are considered appropriate to the business' strategy and its business model.

Resources review continued

Focus areas associated with these five SDGs are outlined in the table on the following page.

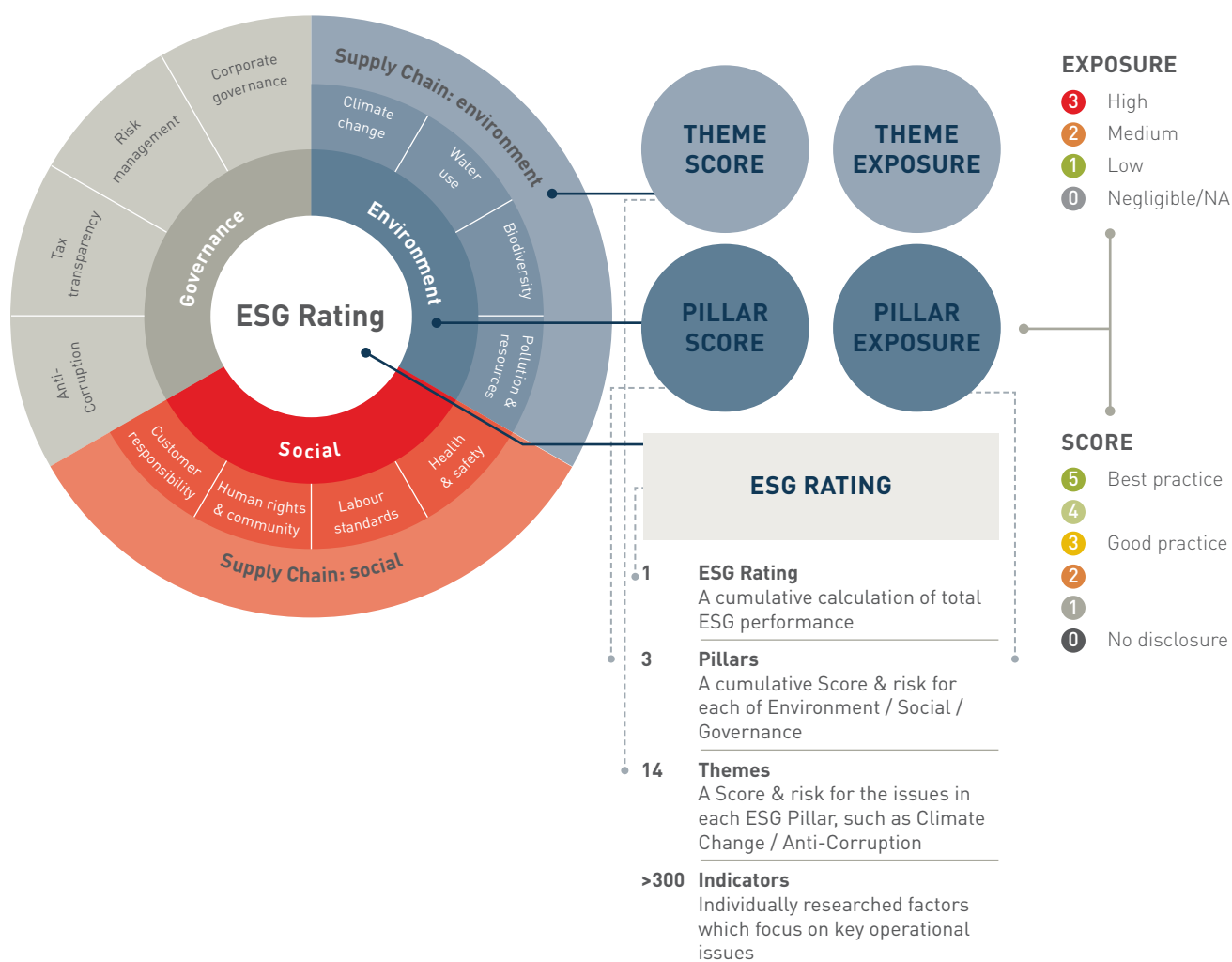
The Ten Principles of the United Nations Global Compact focus on corporate responsibility in relation to human rights, labour, the environment and anti-corruption. They are derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.






These framework guidelines are further defined through specific international management and reporting parameters included in integrated management systems which comprise:

- the ISO 9001 quality criteria;
- the ISO 14001 environmental management system;

- the OHSAS 18001 occupational health and safety framework;
- IMO regulations;
- 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; and
- the international GHG Protocol, which defines reporting parameters for GHG or carbon (C) emissions, based on an operational control approach.

The success of this approach is evidenced by the inclusion of the company, for the third successive year, in both the Financial Times Stock Exchange (FTSE)/JSE Responsible Investment Index and the FTSE/JSE Responsible Investment Top 30 Index, which are based on the FTSE environmental, social and governance (ESG) ratings. The company's rating improved from 3.3/5 scored in 2015 to 3.8/5 in 2016. Awaiting 2017 results.



SDG	Focus	Grindrod focus	Group and divisional projects
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and quality education for all and promote life-long learning.</p>	ENLIGHTEN PEOPLE	<ul style="list-style-type: none"> Employee development initiatives. Industry-related training. Community-focused social investments. 	<ul style="list-style-type: none"> Career development plans. Management development programme (MDP). Mentorship programmes. Learnerships and apprenticeships. Skills training and workshops. On-the job training. Grindrod Maritime Training Academy. Graduate programme. Graduate learnerships. Adopt-a-School. Learnerships for students and disabled learners.
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure access to water and sanitation for all.</p>	ENHANCE WATER SECURITY	<ul style="list-style-type: none"> Water management policy. 	<ul style="list-style-type: none"> Effective water-resource management. Vessel water-purification and reverse osmosis plants. uMhlthuze Water Stewardship Partnership. Rain-water harvesting. Dust suppression with used water from holding dams. Regional water projects.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote inclusive and sustainable economic growth, employment and decent work for all.</p>	EMPOWER PEOPLE	<ul style="list-style-type: none"> Empowerment initiatives. HR policies. Safe working environment. Safety and wellness of our people. 	<ul style="list-style-type: none"> Enterprise-development initiatives. Durban canteen ownership. Bank car-wash project in Durban. B-BBEE targets. Standardised remuneration structures acknowledging individual merit. Fair treatment of employees.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Build resilient infrastructure, promote sustainable industrialisation and foster innovation.</p>	ADVANCE PEOPLE	<ul style="list-style-type: none"> Stringent management systems based on international benchmarks. Investment in strategic infrastructure projects. People focus. 	<ul style="list-style-type: none"> Top-down management structure, driven from board level. Accountability at business level. Six-capitals approach incorporated in decision-making. Target growth across all businesses. Capital projects evaluations include IFC performance standards. Employee engagement through structures, meetings, news dissemination, projects and awards. Shareholder engagement through circulars, news releases and the integrated annual report. Community engagement to foster mutual respect and understanding. Wellness days at businesses, employee vitality programmes, bank health canteen and rooftop vegetable garden.
 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts.</p>	MITIGATE CLIMATE CHANGE	<ul style="list-style-type: none"> Vision 2020 policy. Shipping vessel replacement policy. IMO compliance. The Blue Fund. 	<ul style="list-style-type: none"> Target emissions reduction, water security and waste management. Capital projects reporting on IFC performance standards. Eco-friendly vessels to achieve environmental and business targets. Improve on IMO compliance through variable-frequency drives project, upgrading ballast-water treatment and proactively addressing packaging material at source. Voluntary Maritime Singapore Green Initiative. Environmental and community coastline preservation and awareness projects.



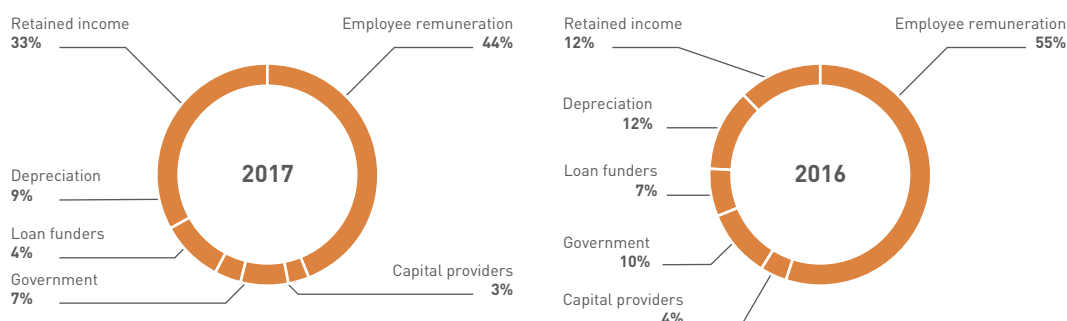
Our money

(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.

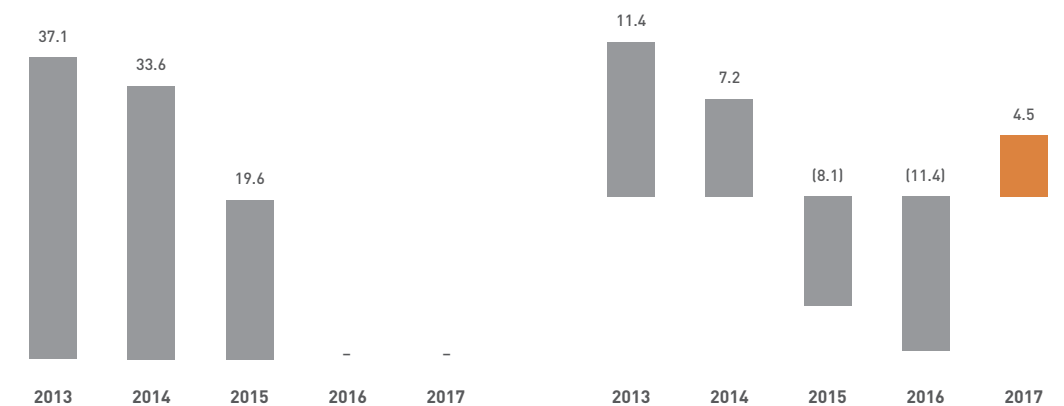
Value added

Distribution of wealth (%)



	2017 Rm	2016* Rm
Remuneration and benefits paid to employees	986	1 028
Rewards to providers of share capital	68	68
Payments made to governments	163	182
Providers of loan capital	98	134
Depreciation	196	231
Retained income	714	212
Total wealth distributed	2 225	1 855

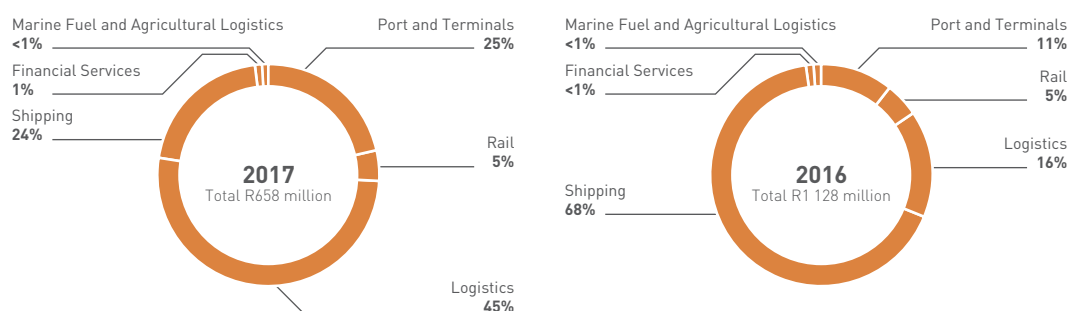
* Re-presented for discontinued operations as detailed in the basis of preparation.



Ordinary dividend per share
(Cents)

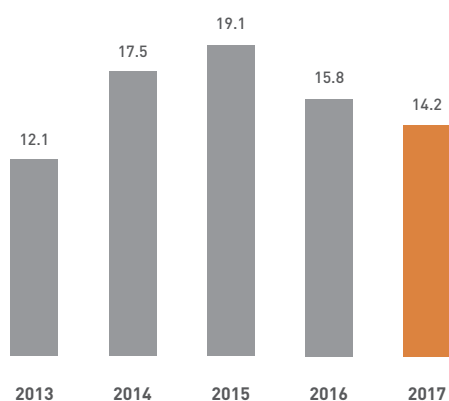
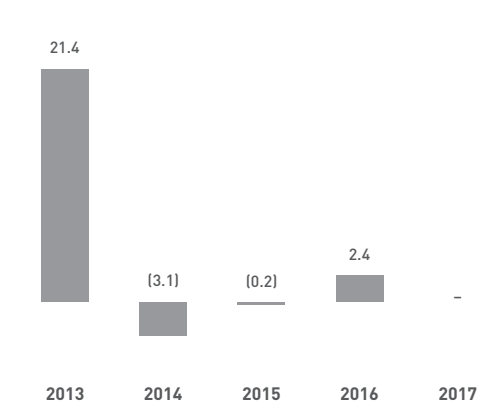
Return on shareholders' funds
(%)

Capital expenditure by business area [%]



Capital investment

	2017 Rm	2016 Rm	2015 Rm	2014 Rm	2013 Rm
Continuing operations					
Port and Terminals	165	120	252	120	309
Logistics	295	177	109	586	1 216
Marine Fuel and Agricultural Logistics	1	1	20	98	53
Financial Services	8	7	22	15	136
Discontinued operations					
Rail	34	53	146	648	231
Shipping	155	770	805	981	923
Total capital expenditure	658	1 128	1 354	2 448	2 868

Shareholders' equity
(Rbn)Net interest-bearing debt to shareholders' interests
(%)

Our money continued

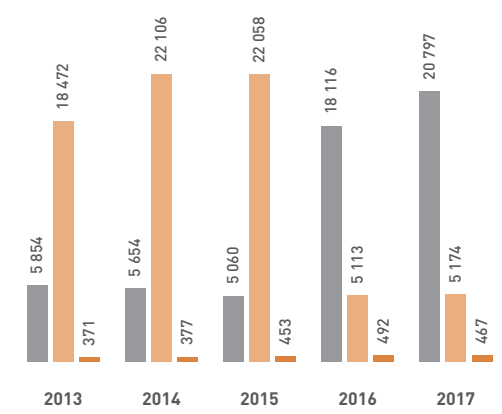
Divisional financial information

	Port and Terminals			Logistics			Marine Fuel and Agricultural Logistics		
	2017 Rm	2016 Rm	Growth %	2017 Rm	2016 Rm	Growth %	2017 Rm	2016 Rm	Growth %
Income statement									
Revenue	875	769	13.8	2 336	2 541	(8.0)	17 586	14 806	18.8
EBITDA	309	169	83.1	340	332	2.5	65	(177)	136.8
Operating income/(loss)	204	50	308.8	165	143	15.5	51	(197)	125.8
Share of associate companies' profit/(loss)	54	72	(24.4)	(10)	(19)	46.4	55	7	688.4
Attributable profit/(loss)	182	225	(19.1)	222	(91)	343.0	58	(190)	130.4
Statement of financial position									
Non-current assets/ investments	2 026	2 085	(2.8)	1 555	1 659	(6.3)	971	931	4.3
Bank loans, advances and liquid assets	-	-	-	-	-	-	-	-	-
Current assets	288	325	(11.3)	1 079	1 059	1.9	2 063	258	699.7
Net cash including debt	107	29	275.1	149	72	105.9	47	378	(87.6)
Total assets	2 314	2 410	(4.0)	2 634	2 718	(3.1)	3 034	1 189	155.2
Equity	2 169	2 231	(2.8)	1 678	1 263	32.9	1 105	1 111	(0.5)
Net debt/deposits	-	-	-	-	-	-	-	-	-
Other liabilities	145	178	(18.8)	956	1 455	(34.3)	1 928	78	2 373.4
Total equity and liabilities	2 314	2 410	(4.0)	2 634	2 718	(3.1)	3 034	1 189	155.2

Divisional key ratios

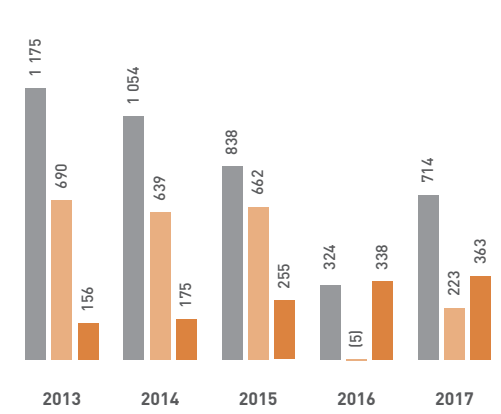
		Port and Terminals		Logistics		Marine Fuel and Agricultural Logistics	
		2017	2016	2017	2016	2017	2016
Return on ordinary shareholders' equity	%	7.7	9.3	14.4	(6.3)	5.2	(15.0)
Operating margin	%	23.4	6.5	7.1	5.6	0.3	(1.3)
Debt:equity ratio		0.05:1	0.01:1	0.09:1	0.06:1	0.04:1	0.34:1
Return on net assets	%	15.1	15.3	22.8	10.5	10.5	(15.5)
Attributable profit/(loss) per employee*	R000	154	186	90	(37)	330	(1 085)
Capital adequacy ratio	%						

* Calculated based on employee numbers at effective shareholding.



Revenue
(Rm)

■ Freight Services ■ Shipping ■ Financial Services



EBITDA
(Rm)

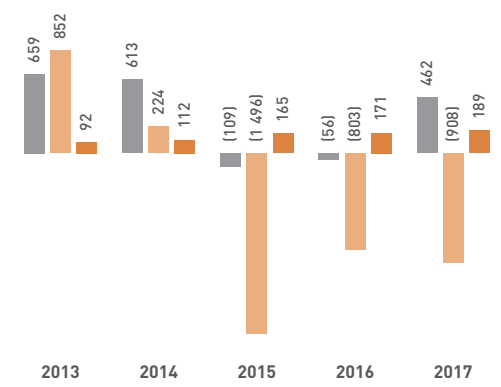
■ Freight Services ■ Shipping ■ Financial Services

	Financial Services			Shipping**		
	2017 Rm	2016 Rm	Growth %	2017 Rm	2016 Rm	Growth %
Income statement						
Revenue	467	492	(5.1)	5 174	5 113	1.2
EBITDA	363	338	7.5	223	(5)	4 560.0
Operating income/(loss)	358	332	7.8	(62)	(451)	86.3
Share of associate companies' profit/(loss)	-	-	-	-	-	-
Attributable profit/(loss)	189	171	10.5	(908)	(803)	(13.1)
Statement of financial position						
Non-current assets/ investments	1 480	1 138	30.1	5 444	6 975	(22.0)
Bank loans, advances and liquid assets	8 831	7 629	15.8	-	-	-
Current assets	199	16	1 173.0	626	300	108.4
Net cash including debt	6 265	6 445	(2.8)	-	-	-
Total assets	16 775	15 227	10.2	6 070	7 276	(16.6)
Equity	1 810	1 377	31.5	3 624	4 633	(21.8)
Net debt/deposits	14 640	13 610	7.6	1 816	1 738	4.5
Other liabilities	324	240	34.9	631	905	(30.3)
Total equity and liabilities	16 775	15 227	10.2	4 254	7 276	(41.5)

	Financial Services		Shipping**	
	2017	2016	2017	2016
Return on ordinary shareholders' equity	53.5	29.1	(22.0)	(15.1)
Operating margin	76.6	67.4	(1.2)	(9.0)
Debt:equity ratio	3.46:1	4.68:1	0.50:1	0.38:1
Return on net assets	2.0	2.1	(7.8)	(3.0)
Attributable profit/(loss) per employee*	R000 840	1 062	(988)	(923)
Capital adequacy ratio	13.7	13.7		

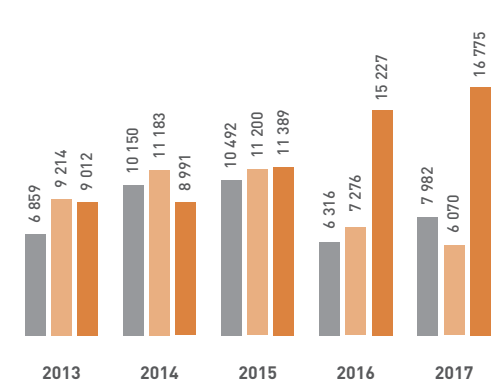
* Calculated based on employee numbers at effective shareholding.

** Discontinued operation due to Spin-off.



Attributable profit/(loss)
(Rm)

■ Freight Services ■ Shipping ■ Financial Services



Total assets
(Rm)

■ Freight Services ■ Shipping ■ Financial Services





Our assets

(Manufactured capital)

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

Terminals capacity and utilisation

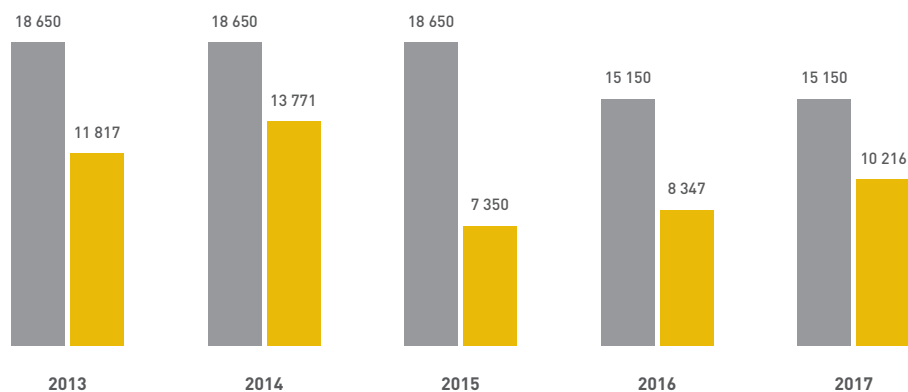
	Note	2017	2016	% change	Existing capacity
TERMINAL					
Dry bulk (tonnes)		10 215 919	8 346 607	22.4	15 150 000
Matola Coal Terminal	1	5 203 219	3 785 918	37.4	7 300 000
Richards Bay	1	3 858 870	3 929 613	(1.8)	6 100 000
Walvis Bay (Namibia)		311 441	299 749	3.9	550 000
Maputo Terminal	1&3	842 389	331 327	154.2	1 200 000
Port of Maputo (tonnes)	2	18 211 155	14 918 487	22.1	–
Liquid bulk (m³)		821 015	276 355	197.1	484 601
Durban		683 939	171 270	299.3	347 525
Cape Town		137 076	105 085	30.4	136 076
Maputo automotive (number of vehicles)		16 339	15 164	7.7	120 000

Notes:

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

² Includes volumes of Matola Coal Terminal.

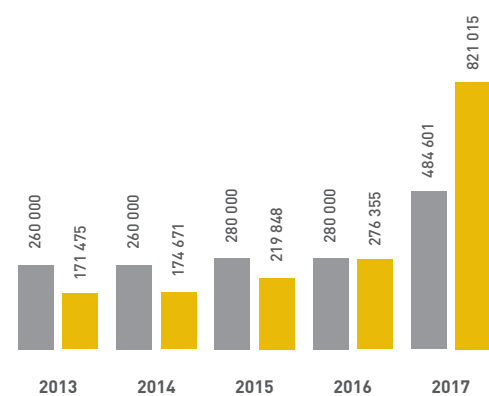
³ Annual capacity is scalable to four million tonnes.



Dry-bulk terminals volumes

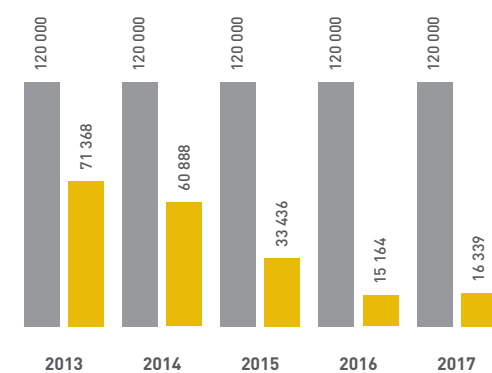
('000 tonnes)

■ Capacity
■ Utilisation



Liquid-bulk terminals
(m³)

■ Capacity
■ Utilisation



Car terminal volumes
(number of vehicles)

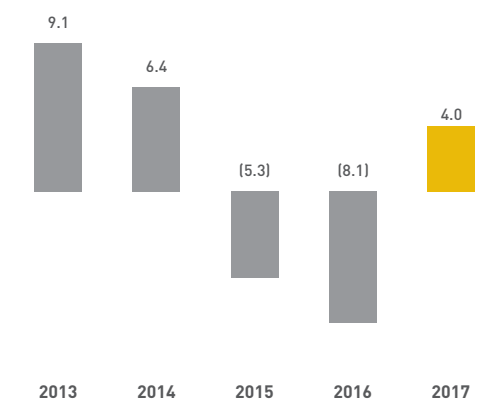
■ Capacity
■ Utilisation

Warehouse capacity and utilisation

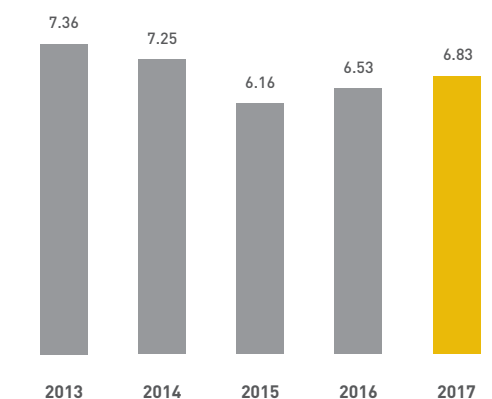
	Total capacity		
	2017	2016	% change
Warehouse capacity			
Röhlig Grindrod – warehouse (m²)	24 600	34 900	(29.5)
Intermodal – warehousing and mining minerals (tonnes)	119 910	210 000	(42.9)
Intermodal – container depots (TEU)	31 650	27 500	15.1

Shipping fleet capacity

	Number of vessels			Total capacity (dwt)		
	2017	2016	% change	2017	2016	% change
Shipping fleet (owned and long-term chartered)						
Dry-bulk carriers	24.5	26.2	(6.5)	1 176 514	1 366 103	(13.9)
Tankers	12.0	15.0	(20.0)	456 350	559 251	(18.4)



Return on net assets
(%)



Average age of shipping fleet vessel
(years)



Our skills

(Intellectual capital)

The knowledge and intellectual property Grindrod uses to gain and maintain a competitive advantage. Capital outcomes include innovative and bespoke product offerings and a well-governed business, determined by inputs such as globally respected brands, proven systems and structures, specialised skills and a sound knowledge base.

Grindrod manages and develops its intellectual capital from board level to the shop floor, to protect its competitive edge. Skills development is central to maintaining and expanding the business and niche advantages it has built up over decades, with objectively determined incentives to reward individual contributions to the business where appropriate.

The performance of the three divisions are testimony to intellectual capacity in clusters of excellence, able to consistently combine infrastructure and expertise to offer tailor-made logistical solutions, outperform shipping rate indices and benchmark-beating investment solutions for private, corporate and institutional clients.

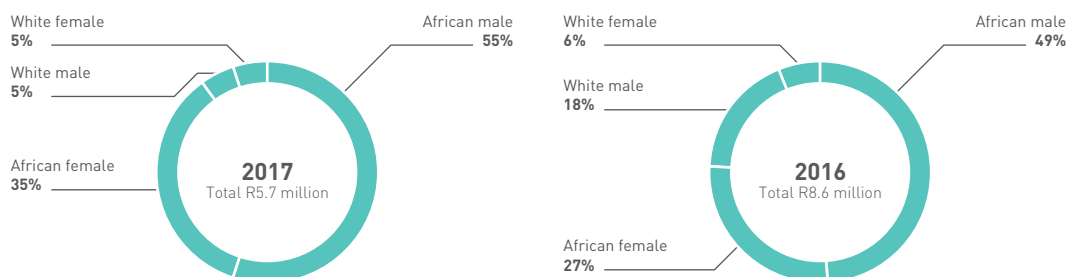
Support services are centralised at divisional level, to provide operations with specialised assistance in common functions required, such as safety measures and interventions, human resources and information technology. The move away from the formal shared-services structure implemented in prior years at group level was to provide continuity through scaled down divisional services in anticipation of the Shipping division Spin-off.

Skills development

Training and development comprise formal training, professional development and on-the-job coaching, internally and through external service providers. Training spend in 2017 totalled R5.7 million (2016: R8.6 million).

	2017	2016	% change
Training interventions attended	1 479	2 691	45.0
Percentage of interventions attended by designated group employees	84	85	1.2
Learners attending learnership programmes	94	133	29.3
Percentage of learners from designated groups	97	95	2.1

Training spend by demographic grouping (%)



The Grindrod Shipping Training Academy in Durban has been a prominent developer of talent since 1975, offering courses required by the marine and allied industries. The academy is accredited by the South African Marine Safety Authority and recognised by the UK-based Maritime and Coastguard Agency. Courses cover both seafarer and shore-based careers. During 2017, 2 166 students attended the academy.

Human Resources continues to establish and maintain uniform policies, procedures, terminology and benchmarks. These include regulatory and business-enhancement measures such as employment-equity compliance, the B-BBEE scorecard, job grading, performance management, succession planning and employee relations.

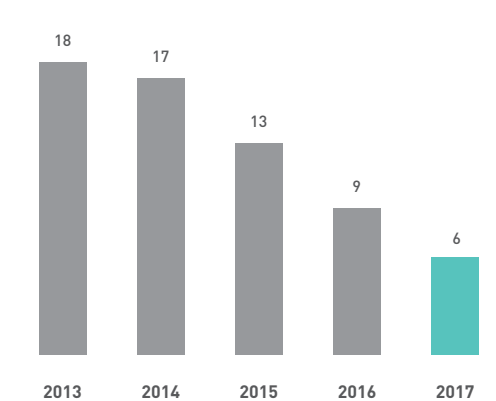
During 2017, the discipline managed the reduction in employee numbers necessitated by restructuring and the closure of non-core businesses.

In preparation for the reduced service demand, HR exited the SAP Human Capital Module (HCM) modules in favour of right-sized modules to provide for human-capital and performance management at Freight Services. The centralised payroll was outsourced.

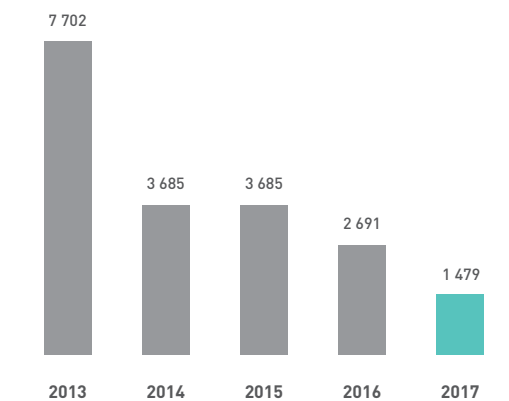
Information Technology continues to support divisions in their execution of company strategy. During the year, activities focused on right-sizing its product offering in response to the changes in group strategy.

The discipline:

- Further improved anti-hacking measures in response to the global increase in security breaches;
- Achieved King IV compliance by implementing enhancements following a gap analysis against the requirements of this code; and
- Geared itself for the implementation of pending enhancements to the Protection of Personal Information (PoPI) Act, such as the encryption of personal data electronically stored by an organisation.



Training spend
(Rm)



Training courses attended
(number)



Our people

(Human capital)

Determines Grindrod's capacity to accomplish its goals. Talented and skilled employees and skills and development training culminate in knowledge, skills, talents, experience, judgement and wisdom that ensures employee safety and well-being, personal and professional growth and indirect advantages such as support of family members.

Grindrod employees represent a rich and diverse human-capital base that provides the skills, competencies, capabilities and experience that ensure the growth and sustainability of its businesses to provide innovative integrated logistics, banking and investment solutions.

Employee complement

Country	2017	2016	% change
South Africa	3 087	3 614	(14.6)
Rest of Africa	1 336	1 470	(9.1)
Asia	666	652	2.1
Middle East	55	55	–
Europe	42	42	–
North America	7	7	–
South America	13	13	–
Australia	26	28	(7.1)
Total	5 232	5 881	(11.0)

Employee movement (expressed as a percentage of turnover) by division and gender for 2017 is as follows:

	Division			Gender		
	Freight Services	Shipping	Financial Services	Group	Male	Female
Resignation	103	13	10	22	90	58
Death	9	1	1	1	10	2
Dismissal	45	5	–	5	44	11
End of contract	25	67	12	28	103	29
Retirement	6	3	–	4	10	3
Redundancy	82	1	1	12	74	22
Transfer	–	–	–	1	1	–
Incapacity	–	–	–	1	1	–
Other	104	27	16	35	129	53
Turnover of employees (%)	10.6%	11.1%	17.8%	25.9%	72.2%	27.8%

Grindrod manages its human capital to ensure people's health and safety and invest in their professional and personal growth. Its approach is based on, amongst others, the OHSAS 18001 occupational health and safety management system, 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.

Health and safety is managed through a safety, health, environment, risk and quality (SHERQ) management committee, chaired by the group executive chairman. Management in divisions is involved in divisional SHERQ meetings and at business level safety is guided by monthly meetings, with representation from shopfloor to management level. The focus on safety is entrenched by the incorporation of safety as a KPI at management level.

Safety

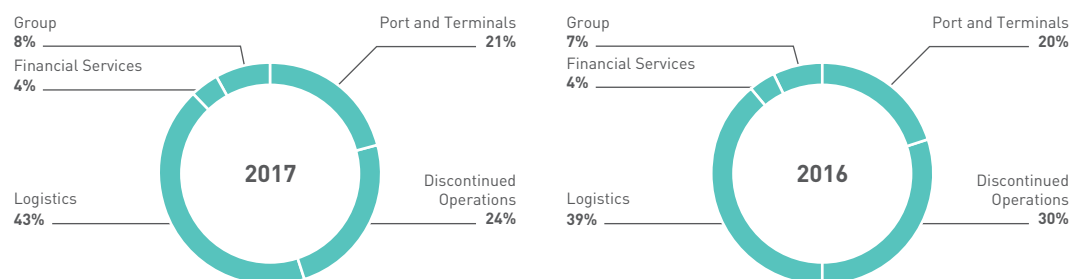
The health and safety of employees, contractors, and visitors are of paramount importance and cannot be compromised. Grindrod maintains occupational health and safety management systems in accordance with the international standard OHSAS 18001 and has a zero-tolerance approach towards breaches of safety and security standards.

Key safety statistics for 2017 show two fatalities and divisional LTIFRs remain stable.

Two fatalities were reported by Grindrod businesses in 2017:

- The death of a Fuelogic truck driver during an incident that caused the truck to catch fire while stationary; and

Employees by business area (%)

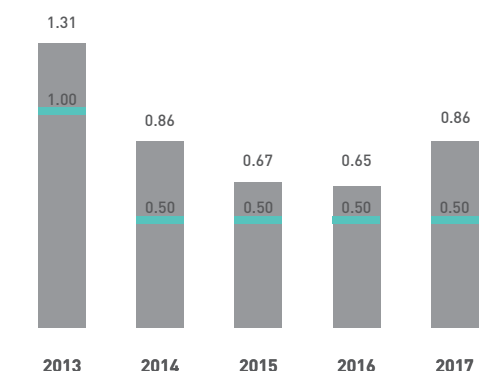


- The death of a Terminals employee who fell from a ladder while repairing a trolley on a pipe conveyor.

All incidents were reported to the relevant authorities for investigation and Grindrod conducted thorough analyses of the incidents to enforce strict adherence to safety procedures, in particular the procedures that were transgressed.

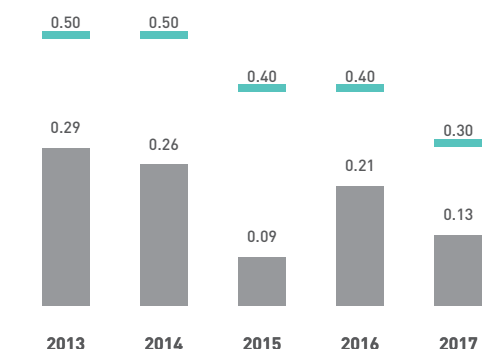
Two other significant incidents reported were:

- A tug in Maputo Port that capsized and sank. No people were on board at the time of the incident.
- A full handler that caught fire while stationary at Intermodal Bluff road terminal. Nobody was injured.



LTIFR – Freight Services

■ LTIFR
■ Target



LTIFR – Shipping

■ LTIFR
■ Target

Our people continued

Key performance indicators	2017	2016	2015	2014	2013
Freight Services					
Fatalities	2	–	2	1	2
SHERQ spend (R'000)	28 409	31 354	27 575	56 545	22 896
Medical treatment cases	55	68	128	114	161
Lost-time incidents	39	42	58	68	112
LTIFR*	0.86	0.65	0.67	0.86	1.31
Shipping					
Fatalities	–	1	–	–	–
SHERQ spend (R'000)	12 231	14 913	15 262	7 842	11 828
Medical treatment cases	–	6	–	–	2
Lost-time incidents	6	7	3	8	8
LTIFR*	0.13	0.21	0.09	0.26	0.29
Financial Services					
Fatalities	–	–	–	–	–
SHERQ (R'000)	–	12 000	24 099	5 546	–
Medical treatment cases	–	–	–	2	–
Lost-time incidents	–	–	–	–	–
LTIFR*	–	–	–	–	–

* Measured per 200 000 hours worked.

Health

The requirements for the mandatory occupational health certificate of fitness form the basis for ensuring a healthy and fit workforce. Businesses target compliance with statutory health and safety obligations, manage health and safety risks, investigate incidents and implement corrective actions and supervise contractors to ensure compliance with Grindrod requirements.

Grindrod also responds in a timely and preventative manner when staff members are exposed to risks in the execution of their duties. In 2017, during the bubonic plague outbreak in Madagascar, Shipping staff on board Grindrod vessels were not infected as they were not allowed on shore and appropriate medical-screening and supply-sourcing steps were implemented.

Restructuring

A major challenge during the year was managing the effects on staff of the Grindrod strategy, which resulted in the retrenchment of some 900 employees, of whom approximately 500 were affected by the closure of non-core Rail businesses. The uncertainty and subsequent drop in staff morale were addressed by reacting to staff feedback in an employee engagement survey and assisting Freight Services to conduct division-wide employee engagement sessions to address concerns. Management outlined the envisaged future vision, business approach and people policies, which will be refined and concluded through two-way engagement forums to optimise business outcomes and employee buy-in. The engagement process is continuing.

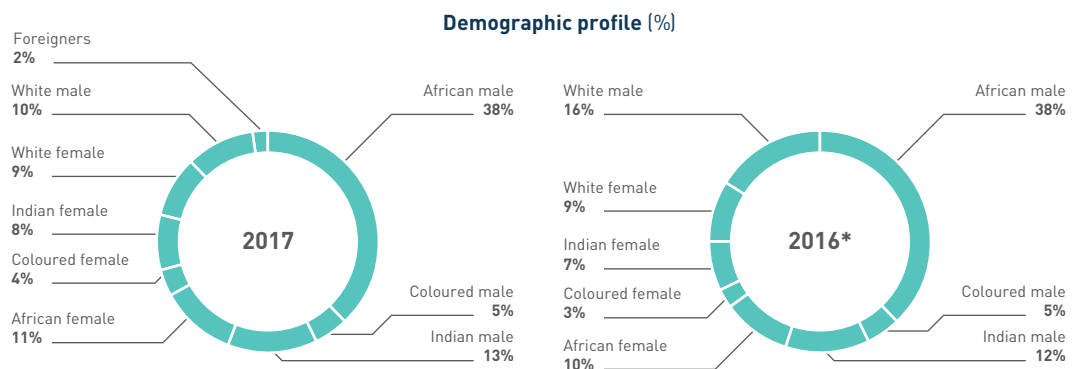
People development

Human-capital management is effected at business level to achieve appropriate outcomes through recruitment practices, skills development, talent management, performance management and employee relations, all of which are aligned with the company's business strategy and employment equity targets. HR is also responsible for guiding businesses to achieve targeted transformation objectives.

During the year, 94 candidates underwent learnership training and 7 students were enrolled on the graduate programme.

Twenty-two members of management successfully completed a bespoke management-development programme established in conjunction with the University of Stellenbosch Business School.

Transformation remains a key focus area, in support of company values and in line with the objectives of the B-BEE Act and the Department of Trade and Industry code of good practice to achieve a workforce reflecting country demographics. The transformation strategy is based on merit and potential, rather than mere statistical accomplishments.



* Note that the 2016 figures do not reflect foreigners separately.

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.

Our people continued

Occupational levels	Male			Female				2017 Designated		White Male	Foreign nationals		Total
	African	Coloured	Indian	African	Coloured	Indian	White	Total	Total		Male	Female	
2017													
Top management	1	–	4	1	1	1	1	9	8	19	1	–	29
Senior management	6	3	4	2	–	5	12	42	44	39	1	–	82
Middle management	25	14	51	9	9	30	58	196	169	86	2	1	285
Skilled	137	46	163	79	41	120	129	715	1 339	92	6	2	815
Semi-skilled	644	71	104	123	36	54	45	1 077	967	27	23	–	1 127
Least skilled	130	7	7	62	9	–	1	216	309	4	2	–	222
Total permanent	943	141	343	276	96	210	246	2 255	2 866	267	35	3	2 560
Temporary / contract	67	5	11	12	–	4	5	104	229	10	7	–	121
Grand total	1 010	146	354	288	96	214	251	2 359		277	42	3	2 681
Percentage (%)	37.7	5.4	13.2	10.7	3.6	8.0	9.4	88.0		10.3	1.6	0.1	100.0
2016 total	1 296	183	410	327	111	235	312		2 874	531	60	4	3 469
Percentage (%)	34.6	5.3	11.8	9.4	3.2	6.8	9.0		74.8	15.3	1.7	0.1	100.0

Note that the above table reflects the combined employment equity report submitted by Grindrod to the Department of Labour for the 2017 reporting period.

B-BBEE requirements are addressed by uplifting previously disadvantaged individuals through Black ownership and Black-women ownership, education support, skills development initiatives, equal employment opportunities, preferential procurement practices, black business support and new business incubation programmes. As a result, Grindrod achieved a Level 4 B-BBEE status this year, and its scorecard is available on the [company website](#).

Employee relations subscribes to the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and contractors are required to abide by these principles. Grindrod commits to:

- comply with all applicable statutory labour obligations;
- promote and recognise in good faith the right of our employees to the freedom of association and collective bargaining;
- not permit any form of forced or compulsory labour;
- not permit child labour;
- not permit discrimination in respect of employment and occupation;
- maintain grievance mechanisms for employees and contractors; and
- monitor and report on its efforts in this regard.

During the year, multi-year wage agreements were successfully negotiated and concluded with a number of trade unions.

Talent management is aimed at developing adequate skills to ensure the sustainability and growth of the company, supported by retention initiatives and performance management that include performance discussions with employees to recognise the achievement of goals, address areas of development and define learning skills that may be required to improve productivity, career growth and development.

Skills development comprises formal training, professional development and on-the-job coaching internally and through external service providers. A total of 1 479 employees attended training interventions (2016: 2 691), of whom some 84 percent (2016: 85 percent) were designated employees.

Course programme	Total attendees	% designated	% black*	% female	Total cost (R)	% cost on black*
Computer skills	1	–	–	–	4 796	–
Continual professional development	100	93.0	88.0	34.0	249 608	67.4
Formal qualifications	16	100.0	87.5	31.3	276 439	67.4
Learnership	152	96.7	96.1	47.4	2 869 200	98.6
Management development programme	41	90.2	75.6	56.1	976 562	80.2
Off-site training	121	91.7	91.7	–	285 813	91.5
On-the-job training	229	86.0	86.0	10.5	159 503	71.8
Regulatory	482	95.4	93.4	7.7	449 521	90.6
Shipping and logistics	54	94.4	94.4	13.0	189 661	98.4
Workplace effectiveness	283	96.1	89.4	24.4	241 114	93.2
Grand total	1 479	84.4	80.2	22.4	5 702 217	75.9

Learnerships were arranged by Grindrod for 193 learners (2016: 133):

2017 scope and demographics	Black		White		Total	% Black*
	Male	Female	Male	Female		
Apprentice – Boilermaker	1	–	–	–	1	100.0
Apprentice – Millwright	2	–	–	–	2	100.0
Apprentice – Electrical	1	1	–	–	2	100.0
Apprentice – Industrial Refrigeration	–	–	3	–	3	–
Business Administration – KwaZulu-Natal	–	10	–	–	10	100.0
Business Administration – Gauteng	5	1	–	–	6	100.0
CIMA	–	1	–	–	1	100.0
Credit Risk Assessment	2	14	0	0	16	100.0
Disabled Learnership – Credit Risk Assessment	4	2	–	–	6	100.0
Disabled Learnership – Domestic Service	15	13	–	–	28	100.0
English Learnership	3	5	–	–	8	100.0
Freight Handling – Cape Town	2	2	–	–	4	100.0
Freight Handling – Gauteng	–	–	–	1	1	–
Freight Handling – KwaZulu-Natal	3	–	1	–	4	75.0
Generic Management NQF3	6	4	–	–	10	100.0
GETC: Domestic Service	4	4	–	–	8	100.0
GRADS MDP Management	2	5	–	–	7	100.0
Management Development Programme – Group 1	7	3	1	–	11	90.9
Supervisory Management – Durban	11	3	–	–	14	100.0
Supervisory Management – Richards Bay	8	2	–	–	10	100.0
Management Development Programme – Group 2	4	13	–	2	19	89.5
MDP Wave 3 – Second Study	2	1	1	1	5	60.0
MDP Wave 3 – Third Study	3	1	1	1	6	66.7
Senior Management Development Programme – USB ED	5	1	2	2	10	60.0
Senior Management Development Programme – WITS	–	1	–	–	1	100.0
Grand total	90	87	9	7	193	91.7

* Includes Black, Coloured and Indian



Our relationships

(Social and relationship capital)

Defines the value Grindrod builds through engagement and information- and resources-sharing to achieve stakeholder well-being. Strategic relationships, engagement structures and host communities provide the inputs to develop mutually beneficial stakeholder involvement, an engaged workforce and improved community sustainability.

Grindrod practices transparent and proactive stakeholder engagement to underpin the achievement of its financial, social and environmental objectives. Stakeholder groupings comprise:

- **9 305 ordinary** and 1 966 preference shareholders and the **investment community** – communications and meetings to share financial and operational news.
- **5 232 employees** on six continents – continuous engagement, from start to end of employment, on business performance and career and personal growth.
- **Ten unions** and **three bargaining councils** – maintaining an open-door policy with unions (to which 11 percent of employees belong) and bargaining councils (five percent) in the interests of employee well-being.
- **Business partners** – engagement to optimise mutual business commitment and the value of infrastructural assets.
- **Almost 4 500 customers** within integrated supply chains – engaged through personal interaction, events and written communication to ensure that Grindrod strategies and operations remain aligned to customer requirements and delivery expectations.
- **More than 3 900 suppliers** in the procurement chain – personal engagement and news updates to ensure that procurement is managed transparently and optimally and that suppliers are informed of initiatives to improve the delivery of services and products.
- **Business associations and non-government organisations** – commitment to and interactions with bodies that collectively further the objectives of sound governance, corporate and societal sustainability and social responsibility. Memberships and/or associations include NBI, WESSA, SAICA, Wildlands and Adopt-A-School.
- **31 countries**, each with local and national governments, infrastructure authorities, governing bodies, NGOs and communities – engagement to promote and maintain sustainable and mutual value-add.
- **Government departments and regulatory bodies** – engagement through meetings, reports and written communications to ensure mutual understanding of compliances and compliance targeting.

In 2017, Grindrod successfully engaged with stakeholders across continents, time zones, jurisdictions and disciplines to initiate and progress the diverse and complicated process of listing Shipping on an international stock exchange.

Similarly, Financial Services excelled in its engagement with diversely focussed stakeholders to ensure that payments to SASSA card-holder beneficiaries continue without interruption during the transition period to the next dispensation. The division remains committed to contribute to the success of negotiating a solution in which the interests of the beneficiaries are the priority.

Grindrod's social responsibility investments favour education and environmental projects. During the year, the three divisions contributed R8.69 million, of which 76 percent (R8.56 million) was channelled to education projects.

The three major beneficiaries were the Blue Fund (R1.5 million), the Cyril Ramaphosa Education Trust (R600 000) and the Adopt-A-School Foundation (R900 000).

The **Blue Fund** was established in 2014 by Grindrod Bank in partnership with the Wildlands Conservation Trust, which manages projects aimed at building robust ecosystems that support human well-being and sustainable development. The Blue Fund targets projects aimed at the upliftment of coastal communities and the conservation of coastal marine ecosystems, such as:

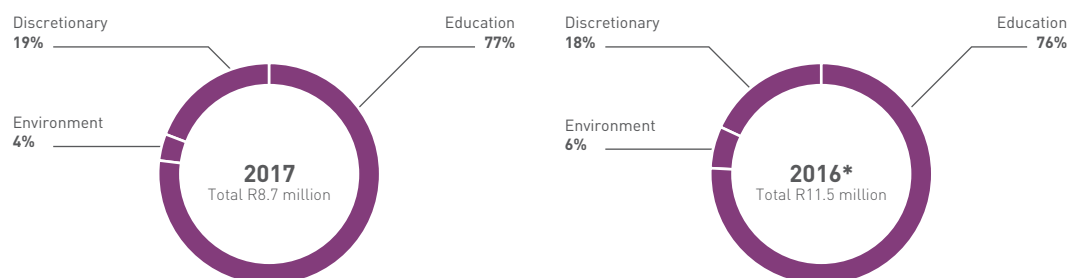
- The **Blue Fund Ocean Stewards** programme, a socio-economic development initiative, in its third consecutive successful year, sponsored by Grindrod. The programme gives selected marine students an all-encompassing experience in off-shore research aboard an oceanic research vessel, under the guidance of marine scientists. The experience adds depth to the students' post-graduate studies.
- The **Blue Crew**, a project established under the Wildlands Wastepreneur model, with the aim of creating sustainable livelihoods through pollution-control initiatives. The Blue Crew has been structured into two small businesses, each with a crew of women collecting recyclable material washed into the Durban Harbour or onto Durban's beaches. The material is bought for recycling, thereby creating a sustainable model for growth into new areas.
- **Whale Time**, a project that brings science, conservation, tourism and community together to update scientific knowledge of humpback whale populations and to engage the public in whale sightings and associated distribution and behaviour patterns. The project includes an online platform on which people can share photographs and sighting information. The project focusses on research, building public knowledge, promoting east coast whale migration in terms of both conservation and tourism and guiding communities to participate in whale eco-tourism.

Adopt-A-School support targeted three schools in 2017:

- The Ndukwenhle and Inhlakanipho High Schools, in the form of mathematics and physical support for 278 grade-12 learners and a moral regeneration programme addressing topics such as career guidance substance abuse, ill-disciplined behaviour and health education.
- The Hlahlindela High School learners benefitted from a strategic planning and boot camp to empower learners to work towards realising their full potential.

The **Cyril Ramaphosa Education Trust** 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.

Social responsibility spend (%)



* Restated to reflect effective shareholding of joint ventures and associates



Our environment

(Natural capital)

Represents the natural ecosystems and assets on which Grindrod's businesses impact, including geology, soil, air, water and all forms of life.

Grindrod acknowledges that the environment forms the basis for human survival and economic activity. As a responsible corporate citizen, it strives to minimise and mitigate the impact of its operations on the environment in a sensible, responsible, innovative and legally compliant manner. Environmental management is based on ISO 14001 criteria with established integrated safety, health, environmental and quality management systems being subject to regular audit.

Vision 2020

The Grindrod Environmental and Climate-change Policy, Vision 2020, was adopted by the board in 2012. It sets tangible targets to conserve natural resources, maximise eco-efficiency, prevent pollution and reduce waste and climate-change impacts. The policy forms the base for the development of business-specific implementation strategies at group businesses and subsidiaries over which Grindrod has operational control.

Vision 2020 targets	Base year	Base value	2017 target	2017 actual	Performance
Reduce by 10 percent normalised overall group emissions CO ₂ -e (grams) per rand revenue.	2010	9.8	9.1	125.3	Performing above target but an improvement from 2016.
Reduce by 10 percent ship-based GHG emissions (CO ₂ -e) per tonne/NM on average and comply with IMO ship emissions regulations.	2010	10.4	9.7	9.5	Eco-friendly fleet exceeding target.
Reduce by 10 percent land-based diesel-vehicle GHG emissions per kilometre on average.	2012	1.4	1.3	1.0	Increased fleet efficiency due to eco-friendly replacement policy.
Reduce by 20 percent normalised land-based Scope 2 electricity usage by machinery and in buildings owned by Grindrod.	2010	3 736	3 213	3 515	Decrease of 11% in employee numbers.
Source at least five percent of total energy usage from renewable sources.		–	3	–	–

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 account for approximately 99 percent of the Grindrod carbon footprint.

Vision 2020 requires that reports on environmental activities are accurate, transparent and complete, against key performance indicators, and in line with requirements of the Greenhouse Gas (GHG) Protocol, King IV and other benchmarks used to achieve integrated reporting for natural capital.

In 2017, Grindrod developed a methodology to quantify internal carbon pricing, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The task force, established by the International Financial Stability Board, promotes voluntary and consistent climate-related financial risk disclosures companies can use in providing information to stakeholders such as investors, lenders and insurers. The information will form part of the 2018 Carbon Disclosure Project (CDP).

Carbon disclosure

Grindrod subscribes to the international CDP, in which participants are rated on their level of effectiveness in addressing climate risk and identifying opportunities, based on scores ranging from A to E. Grindrod was rated C in 2017 (2016: B).

Marine biodiversity

Grindrod supports the Blue Fund, which was established by Grindrod Bank in partnership with the Wildlands Conservation Trust. Projects initiated and managed by the fund include the conservation of marine biodiversity.

Measures Shipping takes to preserve marine biodiversity include:

- a policy to not transport hazardous waste;
- using lead-free antifouling paint;
- signing up to the voluntary clean-ship class notation, which encompasses current and expected environmental regulations; and
- adhering to MARPOL guidelines on practices that may negatively impact marine conservation.

Shipping welcomes the introduction of increasingly stringent environmental regulations. The division's strategy of investing in eco-friendly newbuilds to maintain a young fleet benefits both its environmental targets and the business competitiveness of its product offering. The vessels reduce fuel consumption and the impact on the environment. Grindrod also installed variable-frequency drives on ships to further improve fuel efficiency. All Grindrod's ships are flagged under countries that are signatories to MARPOL.

Grindrod started upgrading ballast-water treatment systems in its older vessels, in preparation of the IMO phasing in more stringent requirements over the next ten years. These are aimed at preventing the spread of invasive aquatic species in a ship's ballast water.

Shipping reacted to one of the severest global marine risks, plastic pollution, by installing on-board water-purification systems in all its vessels to do away with drinking water being stored and transported in plastic containers. Although Grindrod does not discard waste in the sea, the decision will make each vessel self-sufficient in potable water supply, eliminate the risk of buying water from dubious sources and reduce the potential to create plastic waste. The installation of state-of-the-art desalination and filtration units will be completed in the first half of 2018.

Land-based environmental impacts

Grindrod strives to achieve zero material pollution of terrestrial ecosystems in which its land-based operations are located, 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.

Water stewardship

Grindrod was one of the founding members in 2016 of the uMhlthuze Water Stewardship Partnership in the Richards Bay area. The project targets improved downstream water efficiency along an approximate 100-km stretch of the Mhlathuze River through improved coastal lake and dam management, agricultural water stewardship practices, efficient use of water and enhanced ecological infrastructure management. The project is led by the National Business Initiative, the GIZ-International Water Stewardship Programme and WWF South Africa and supported by some 20 government and private-sector partners. A full-time partnership manager was appointed in 2017, supported by a water stewardship manager employed by the WWF.

Key performance indicators

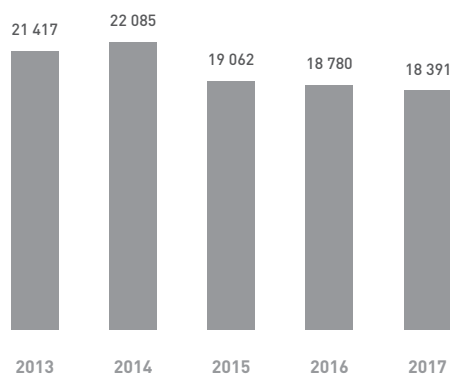
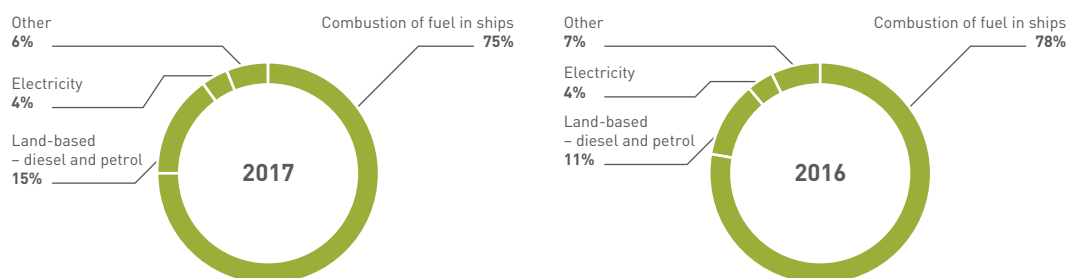
Key performance indicator	2017	2016	2015	2014	2013
Scope 1 and 2 GHG emissions (tonnes CO ₂ -e)	373 666	444 695	461 961	431 665	501 275
Total GHG emissions including scope 3 (tonnes CO ₂ -e)	383 407	453 590	479 847	443 911	512 376
SO _x emitted (tonnes)	4 234	5 547	4 922	5 006	4 988
NO _x emitted (tonnes)	8 296	10 378	10 302	10 138	10 324
Electricity efficiency (kWh/FTE)	3 515	3 197	2 706	2 942	2 791
Total water usage	108 818	152 179	277 523	219 507	227 156
Total solid and liquid waste generated (tonnes)	20 164	14 070	9 948	10 889	14 328



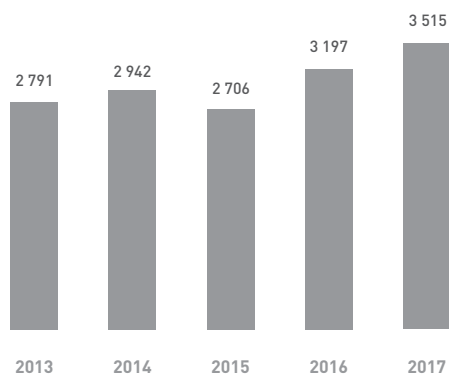
More detailed information on the key indicators is available on the [company website](#).

Our environment continued

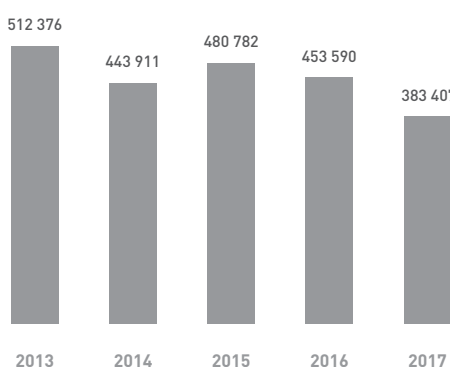
Grindrod's carbon footprint (%)



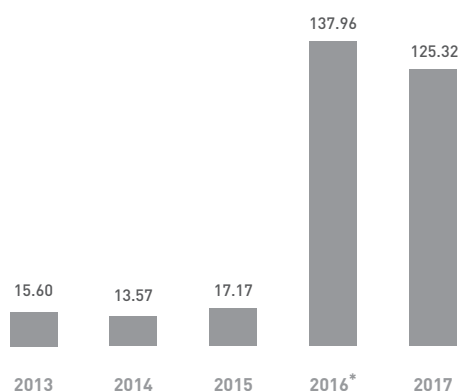
Total equivalent electricity usage
(MWh)



Energy efficiency
(electricity kWh/FTE)



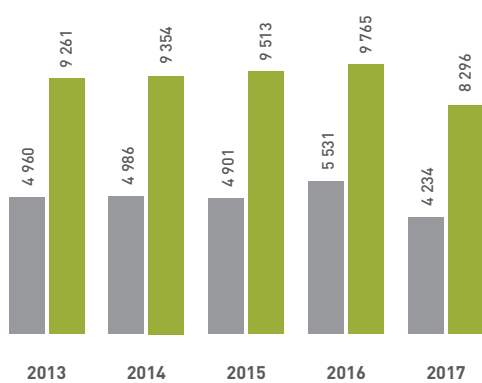
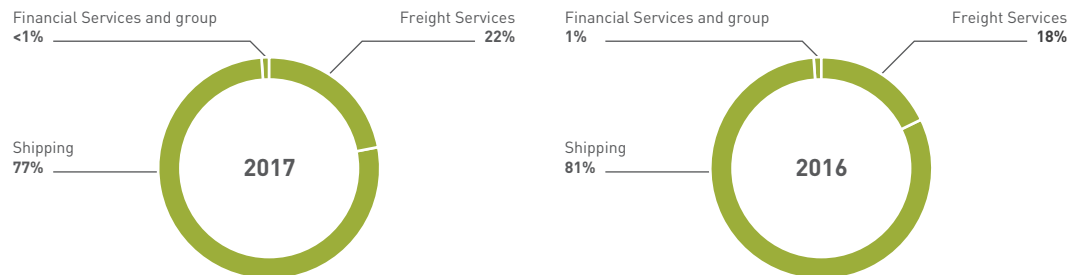
Total GHG emissions
(CO₂ equivalent)



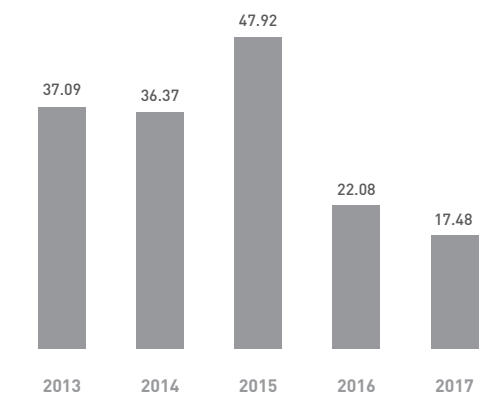
GHG emissions intensity
(grammes CO₂ per rand revenue)

* Re-presented for discontinued operations as detailed in the basis of operation.

Divisional carbon footprint (%)

Air pollution – SO_x and NO_x emitted (tonnes)

■ SO_x
■ NO_x



Normalised water consumption (kilolitres per FTE)

Governance review

Governance review

Directorate and executive committee	84
Corporate governance report	90
Report of the social and ethics committee	98
Report of the risk committee	100
Report of the investment committee	101
Report of the nomination committee	102
Report of the remuneration committee	104
Report of the audit committee	117

Directorate and executive committee



Mike Hankinson 68

BCom, CA(SA)

Executive Chairman

Appointed 15 December 2009

Mike was appointed as chairman of Grindrod Limited in 2014 after serving as a non-executive director since 2009. Following the early-retirement of the previously serving CEO, Alan Olivier, Mike assumed the position of executive chairman as an interim arrangement to manage stakeholder value-creation in terms of the company's revised restructuring strategy.

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.

Committee memberships: MIC MSE MRI

Hassen Adams 65

Pr Tech Eng (Civil Engineering)

Independent non-executive director

Appointed 1 December 2000

Hassen is a consulting engineer, executive chairman of Grand Parade Investment Limited and non-executive chairman of SunWest.

He holds directorships in diverse industry sectors including construction, gaming, shipping, entertainment and leisure and has extensive experience in corporate finance.

Hassen was voted EY's South African Exceptional Entrepreneur for 2014 and was bestowed with a Honorary Doctorate in 2016 by the University of the Western Cape.

Committee memberships: MNC MRC MRI



Mkhusele Faku 51

BA (Law – Rhodes University); MAP (Wits Business School);

OPM (Harvard Business School)

Independent non-executive director

Appointed 15 December 2009

Group executive chairman and founder of Calulo Investments Proprietary Limited and director of various Calulo group companies.

Mkhusele has extensive experience in the South African oil and logistics sectors and serves on several boards of both listed and unlisted companies and is a Governor on the board of Rhodes University.

Committees key:

MIC Member of the investment committee

MNC Member of the nomination committee

MRC Member of the remuneration committee

MSE Member of the social and ethics committee

MRI Member of the risk committee



Walter Geach 63

Admitted Advocate of the High Court; BA LLB; MCom; CA(SA); FCIS
Independent non-executive director
Appointed 29 July 2008

Professor and head of the Department of Accounting at the University of the Western Cape, non-executive director of Grindrod Bank Limited and chairman of the bank's audit committee.

Walter's areas of specialisation are financial accounting, taxation, corporate governance, business and financial planning.

Committee memberships: MAC

Grant Gelink 68

BCompt (Hons); BCom (Hons); CA(SA); HDip Education;
Dip Public Administration
Independent non-executive director
Appointed 1 January 2013

Non-executive director of Altron Limited, MTN Zhakele Futhi Limited, First-Rand Limited and Santam 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.

Committee memberships: CAC



Gerhard Kotze 48

CA(SA)
Alternate non-executive director
Appointed 1 August 2016

Managing executive of Brimstone Investment Corporation. Gerhard has experience in corporate finance, treasury and investments at Nedbank Capital, Brait, Wipcapital and Anglo American Corporation of South Africa. Gerhard is alternate to Mkhuseli Faku.

Committee memberships: MIC

Committees key:

MAC Member of the audit committee

CAC Chairman of the audit committee

MIC Member of the investment committee



Directorate and executive committee continued



Zola Malinga 40

CA(SA)

Independent non-executive director

Appointed 24 October 2016

Co-founder and executive director of Jade Capital Partners, an investment holding company.

Zola has experience in real estate and investment banking including corporate finance advisory, investments, debt and equity finance having worked at the Liberty Group, Investec Bank and Standard Bank.

She serves as non-executive director and a member of the audit committee of Hospitality Property Fund Limited, Sasol Inzalo and the South African Property Owners Association.

Committee memberships: MSE

Raymond Ndlovu 51

B Business Studies (Hons)

Independent non-executive director

Appointed 27 May 2016

Raymond has 27 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 re-assigned to Remgro in July 2015.

He serves on the Remgro Management Board and in a non-executive capacity on the boards of several Remgro investee companies and as an independent director of Strate Limited.

Raymond is alternate to Pieter Uys.

Committee memberships: MAC CSE



Bongiwe Ntuli 40

CA(SA)

Executive director

Appointed 20 August 2015

CEO of the Freight Services division and a director of major local and international subsidiary companies and associates, including Grindrod Bank, Grindrod Freight Services Proprietary Limited, Grindrod (South Africa) Proprietary Limited, Oiltanking Grindrod Calulo Proprietary Limited, Röhlig-Grindrod Proprietary Limited and Grindrod Mauritius. Bongiwe joined Freight Services in May 2008 as CFO after holding various positions within Anglo American.

She was appointed to the Grindrod Executive as Executive Corporate Services in 2012, as CEO Ports, Terminals and Rail in 2014 and CEO Freight Services in 2016.

Committee memberships: MEC MRI



Committees key:

MSE Member of the social and ethics committee

MAC Member of the audit committee

CSE Chairman of the social and ethics committee

MEC Member of the executive committee

MRI Member of the risk committee



David Polkinghorne 53

BCom; MA (Oxon)

Executive director

Appointed 22 November 2006

Managing director of Grindrod Bank Limited and executive director of all the Financial Services Division group companies. 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.

Committee memberships: MEC MRI

Nkululeko Sowazi 54

MA (UCLA)

Lead independent non-executive director

Appointed 25 February 2014

Chairman of Kagiso Tiso Holdings, a leading SA investment holding company with significant interest in the media, financial services and industrial sectors. He is the chairman of Synchem Group Limited, a chemical holdings company.

Nkululeko is the executive chairman and co-founder of Tiso Investment Holdings, a diversified Pan African investment holding company with business interests in South Africa and Ghana.

He is a director of MTN Group Limited, Vanguard Group Limited (Ghana), Tiso Blackstar Group SE (UK) and IQ Business Holdings.

Committee memberships: MNC MRC MRI



Pieter Uys 55

MSc (Engineering); MBA

Independent non-executive director

Appointed 30 August 2013

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

Committee memberships: MIC MNC CRC CRI

Committees key:

MEC Member of the executive committee

MRI Member of the risk committee

MNC Member of the nomination committee

MRC Member of the remuneration committee

MIC Member of the investment committee

CRC Chairman of the risk committee

CRI Chairman of the risk committee

Directorate and executive committee continued



Andrew Waller 55

CA(SA)

Executive director and CFO

Appointed 1 March 2011

Director of local and international subsidiaries. Andrew was previously a partner of Deloitte & Touche for 15 years during which time he was responsible for a number of South African listed companies. He has seven years' service with the group.

Committee memberships: **MEC MSE MRI**

Sandile Zungu 51

BSc (Mechanical Engineering); MBA

Independent non-executive director

Appointed 15 December 2009

Executive chairman and founding member of Zungu Investments Proprietary Limited and previous chairman of EOH Holdings Limited.

Sandile serves on the Presidential Advisory Council on Black Economic Empowerment and was a member of the World Economic Forum in his capacity as Young Global Leader.



Committees key:

MEC Member of the executive committee

MSE Member of the social and ethics committee

MRI Member of the risk committee

Board profile

	Independent non-executive directors	Executive directors	Board and Executive Committee
By race group and gender			
African female	7.14%	7.14%	14.28%
African male	28.58%	–	28.58%
Coloured male	7.14%	–	7.14%
Indian male	7.14%	–	7.14%
White male	21.43%	21.43%	42.86%
By age group			
30 to 50 years old	35.71%	7.14%	42.85%
>50 years old	35.71%	21.44%	57.15%

Board tenure

	Independent non-executive directors	Executive directors	Total
0 – 3 years	21.43%	7.14%	28.57%
4 – 9 years	35.71%	14.29%	50.00%
More than 9 years	14.29%	7.14%	21.43%

Attendance at meetings

	Board A/B	Executive committee ¹ A/B	Social and ethics committee 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
H Adams	4/4				2/2			1/1	
MR Faku	3/4								Traveling
WD Geach	4/4			2/2					
G Gelink	3/4			2/2					Traveling
MJ Hankinson	4/4	4/4	2/2	2/2	2/2	4/4	3/3	5/5	
G Kotze*	4/4					2/2			
Z Malinga	4/4		1/1						
R Ndlovu*	4/4		2/2	2/2		2/2			
B Ntuli	4/4	7/8			2/2	1/1			
AK Olivier ²	2/2	4/4	1/1	1/1	1/1	2/2	1/1	1/1	
DA Polkinghorne	4/4	7/8			2/2				
NL Sowazi [^]	3/4				2/2		3/3	5/5	Traveling
PJ Uys	4/4			2/2	2/2	4/4	3/3	5/5	
MR Wade ³	3/3	7/7			2/2				
AG Waller ⁴	4/4	4/4	2/2	2/2	2/2	4/4			
SDM Zungu	2/4								Traveling

A indicates the number of meetings which the director attended.

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

* Alternate director.

[^] Lead independent non-executive director.

1. Includes four Group SHERQ management committee meetings.

2. Retired as executive director and CEO on 31 July 2017.

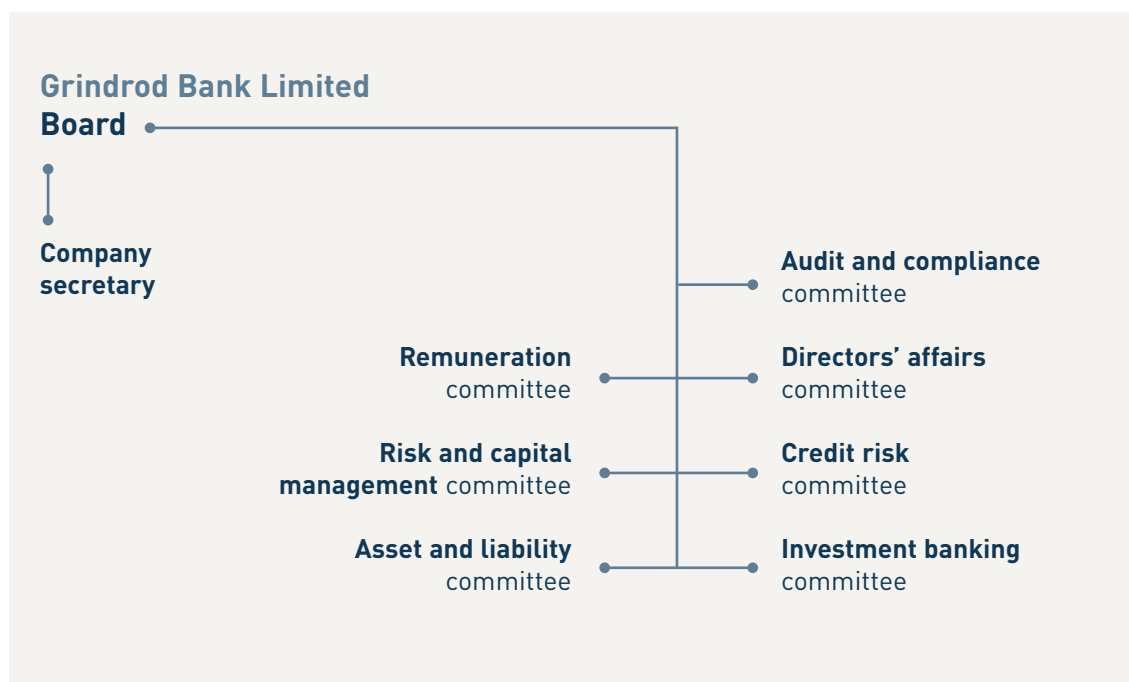
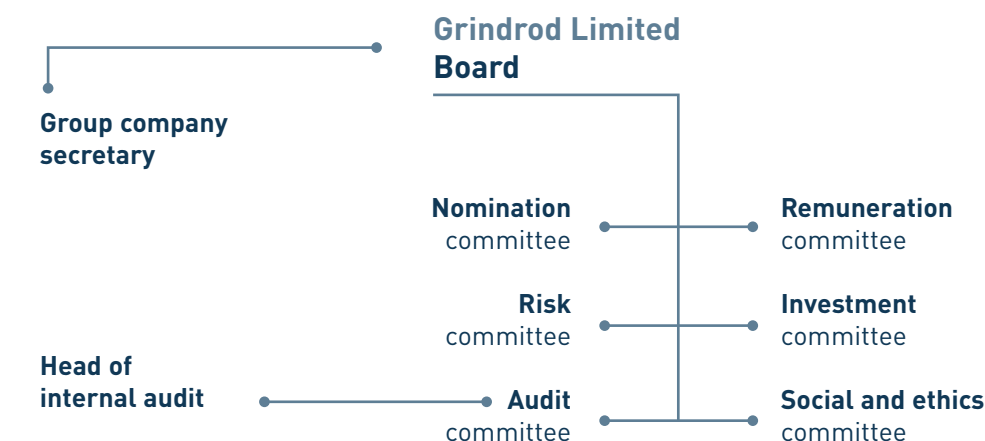
3. Resigned as executive director on 1 November 2017.

4. Excluded from the group SHERQ management committee meetings as the executive chairman attends these. Attended no meetings by invitation.

RMB specialist advisors were invited to attend the August 2017 board meeting in support of the implementation of the business strategy.

Corporate governance report

Governance structure



Executive committee

**Group SHERQ
management
committee**

**IT
steering
committee**

**HR
steering
committee**

**Procurement
steering
committee**

A sound corporate governance framework commits Grindrod to high standards of business ethics. The framework guides the board, as the custodian of responsible corporate governance, in the formulation and implementation of the company 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 the company's six core values of transparency, respect, integrity, professionalism, fairness and accountability. These values are encapsulated in four focus areas the company regards as core considerations in its drive to achieve business and social sustainability, namely health and safety, people, the environment and communities.

King IV

The Grindrod governance framework was adjusted to the sixteen-plus-one principles-based King IV Report on Corporate Governance for South Africa, which was released towards the end of 2016, to achieve four governance outcomes, these being ethical culture, good performance, effective control and legitimacy.

Following its release, the board elected for early adoption of King IV in a phased approach. An evaluation of the compliance requirements applicable to relevant practices included in the King IV Code was completed in 2016 and a governance practice improvement framework established to ensure Grindrod's ability to meet all the application requirements.

Ethical culture

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

The strategic direction and control of the company is the responsibility of the board, as directed in the Grindrod memorandum of incorporation (MOI) and the board charter. This control is exercised through the company's governance framework, which includes a system of assurances on internal controls and detailed reporting to the board and its committees.

The company MOI, the board charter and the terms of reference of all board and statutory committees are available on the [company's website](#).

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. An internal assessment of adherence to the board charter was completed in 2017.

Matters reserved for board decision-making are reviewed regularly, based on recommendations made by the executive committee and board sub-committees where appropriate. The limits of authority were reviewed by management and no amendments were recommended to the board.

Directors are not permitted to deal directly or indirectly in the shares of the company 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 the company during the year.

Detail of share transactions in the ordinary share capital by directors during 2017 is as follows:

Name	Date of transaction	Nature of transaction	Weighted average price (cents per share)	Number of shares	Value of transaction (R)
B Ntuli	10 October 2017	Sale of ordinary shares	1 470	5 000	73 500
B Ntuli	12 October 2017	Sale of ordinary shares	1 515	5 000	75 750
B Ntuli	12 October 2017	Sale of ordinary shares	1 505	5 000	75 250
B Ntuli	12 October 2017	Sale of ordinary shares	1 500	5 000	75 000
B Ntuli	13 October 2017	Sale of ordinary shares	1 571	5 000	78 550
B Ntuli	13 October 2017	Sale of ordinary shares	1 550	5 000	77 500
B Ntuli	25 October 2017	Sale of ordinary shares	1 550	5 000	77 500
B Ntuli	25 October 2017	Sale of ordinary shares	1 555	5 000	77 750

Corporate governance continued

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



The principles of ethical leadership, management and behaviour to which the company 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 [company 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 declare conflicts of interest and substantial gifts received.

In 2017 ethical behaviour was promoted through a focused fraud training and awareness campaign facilitated by the internal audit function.

Grindrod (South Africa) Proprietary Limited and subsidiaries and operating divisions obtained certification from TRACE International, a leading global anti-bribery standards-setting organisation for the second consecutive year. SGM was TRACE certified for the third consecutive year. The certification is internationally recognised and used widely in tender and other relevant processes.

Unethical behaviour can be reported to the Grindrod ethics officer, who is the custodian of the code.

In 2017 two instances were reported to the ethics officer, none of which were considered material transgressions of the code. The reported instances have been investigated or are in the process of being investigated and closed out.

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 2017, 20 incidents (2016: 25 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. No material incidents of corruption were identified in 2017.

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 is achieved through various board sub-committees, corporate and divisional management and internal and external communications objectives.

At its meetings, the board reviews and monitors the company's performance against measures and targets related to human capital and economic, social and environmental areas. Further detail on board meetings and the attendance of directors is included on page 89.

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.

The company's vision of creating sustainable returns and long-term value for stakeholders is targeted and achieved against the norms, values and processes detailed in the governance framework.

During 2017, discrepancies between vision and business performance were reviewed and the strategy adjusted to achieve optimum short- and medium-term returns.

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 aims to provide stakeholders with a balanced assessment of the company's ability to create and sustain value to ensure its short-, medium- and long-term viability. Based on the IIRC's International Integrated Reporting Framework, the Sustainability Reporting Standards of the Global Reporting Initiative and relevant regulations and codes, the report aims to provide a complete and balanced review of Grindrod's economic, social and environmental performance.

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 the formulation and implementation of company strategy to achieve targeted performance and create sustainable value within a comprehensive framework which has been designed to ensure responsible corporate governance, of which the board is the custodian.

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

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 appointments are based on the corporate leadership skills, knowledge, experience and expertise required to advance the strategic direction of the company, with diversity in gender and race also considered.

The duties of the board, performed in accordance with the board charter and terms of reference of the board sub-committees and work plans that are reviewed and approved on an annual basis to ensure compliance, include monitoring and reviewing the implementation of the group business plan within the approved budget and with due cognisance of the associated business risks and opportunities.

The group's strategy is mapped by the executive committee for 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.

Board composition

The board, including the executive chairman, comprised 14 directors at 31 December 2017, of which four are executive directors. The chairman, assisted by the lead independent director, is responsible for the effective leadership of the board.

At its meeting held in March 2018 the nomination committee evaluated the independence, inclusive of the nine indicators included in King IV and tenure in excess of nine years, of all serving board members on a substance-over-form basis. Based on this assessment, all non-executive directors were deemed independent and the board, on the recommendation of the nomination committee, passed a resolution confirming the independence of the 10 serving non-executive directors.

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

One third of the company's non-executive directors are required to retire by rotation at the annual general meeting. Retiring directors may offer themselves for reappointment by the shareholders. 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. No board appointments were made during 2017. The suitability of the directors retiring by rotation was assessed by the nomination committee, 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 appointment of the evaluated members to the audit committee.

CEO

The board is responsible for appointing the CEO, an executive director whose role is separate from that of the chairman, and the group financial director.

Following the early retirement of the CEO on 31 July 2017, as an interim arrangement, the board appointed the non-executive chairman as executive chairman to oversee the implementation of the revised business strategy.

Mr Nkululeko Sowazi was appointed as lead independent director to maintain the balance between executive and independent directors.

The executive chairman, 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, the appointment and evaluation of senior management and guiding management and their teams during the period of transition.

The executive committee assists the executive chairman 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 executive chairman and reviewed by the remuneration committee.

CFO

The group financial director is responsible for the financial management of the group, all aspects of the company's financial strategy, due and proper preparation of financial statements as per IFRS and the Companies Act requirements, due and proper financial reporting and providing financial leadership through financial planning and organisationally aligned strategies.

He has also been tasked to take a prominent and strategic role, together with the executive chairman, to successfully implement the Spin-off of the Shipping division and repositioning of the consolidated and restructured continuing businesses.

The audit committee considered the expertise and experience of Andrew Geard Waller, 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 company business.

Corporate governance continued

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 does not fulfil an executive management function and 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 2017.

The group company secretary is, based on the approved annual work plans, responsible for preparing meeting agendas in advance and in consultation with the chairman of the board or sub-committee, and for recording minutes.

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 ensures accurate external disclosure including this integrated report.

The group company secretary also provides guidance to directors on governance, compliance and fiduciary responsibilities and sustainability.

The group company secretary 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.

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 Catherina Isabella 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 23 years legal experience and holds the following degrees: BLC, BProc, BA, LLB, LLM (Law of Contract) and LLM (Corporate Law). The academic and professional qualifications of the group company secretary were externally verified prior to her appointment.

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.

Matters reserved for board decision-making and the delegation of authority to management in specified matters are reviewed regularly, 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.

The performance and effectiveness of the board and its committees are evaluated annually in accordance with the board charter. Evaluations comprise standardised questionnaires, grounded on the principles of King IV and structured according to the board charter, the annual work plan of the board and the terms of reference and annual work plans of each committee. The performance and effectiveness of the chairman of the board is evaluated collectively by its members.

The evaluations undertaken in 2017/2018 indicated satisfactory levels of governance at board and committee levels.

The nomination committee was, based on an evaluation, satisfied with the board composition and the skills, experience and qualifications of the members. 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 appoints the CEO to execute company strategy and oversee management of the company from day to day. The board charter prescribes the way in which his powers are executed, delegated and monitored. With the early retirement of the CEO, the board appointed the chairman in an executive capacity to execute the Spin-off and business repositioning strategy approved in 2017. A lead independent director was appointed to maintain the balance between independent and executive directors.

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 the company's material identified risks is included on pages 32 to 45.

Risk governance

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. The investment committee reviews, within the framework of the board-approved delegations of authority, capital and other strategic applications for recommendation to the board.

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 are assessed by internal and external assurance providers in terms of the group's combined assurance model.

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.

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.

Risk-management framework

The Grindrod risk-management framework was revised during 2017 to incorporate 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.

The revision included an enhancement to risk and opportunity management by assigning the oversight of specific risks to relevant board sub-committees.

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.

Identified risks are evaluated in terms of potential impact and probability in terms of the likelihood of occurrence. Areas include strategy execution and market risks and the risk of harm to people and environment, stakeholder engagement, financial loss, legislative and regulatory compliance and reputation. 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, 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 and technology (IT) governance and the strategic alignment of IT with the performance and sustainability objectives of the company.

IT governance is based on best practice principles, providing for the alignment of the IT strategy with that of the company. 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. This roadmap has been aligned with the principles of King IV.

An IT governance charter has been developed and is managed through the Grindrod executive committee and group IT steering 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 2017 (2016: five times) to drive the implementation of fit-for-purpose IT infrastructure and software.



Corporate governance continued

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.

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 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.

A formalised group legal compliance universe was approved by the social and ethics committee in 2013 on the recommendation of the executive committee, with the associated legal compliance strategy being implemented in 2015. This aims to entrench legal and regulatory compliance across the group. Divisional legal registers and training and awareness further promotes a culture of compliance.

Further to decentralising in 2017, legal compliance is conducted at a divisional level with divisional executives individually being responsible for legal compliance within their areas of operation.

Compliance with all applicable laws and consideration to 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.

Further to perceived employment equity (EE) breach in 2015 and Grindrod's voluntary placement under Director General Review, a framework to ensure employment equity compliance across all group companies was established in consultation with the Department of Labour (DOL). Matters raised were successfully addressed through constructive engagement and collaboration with the DOL on the substantive implementation of EE plans and tracking of progress against set targets.

Grindrod supports the objectives of economic empowerment and, in compliance with the requirements of the Broad-Based Black Economic Empowerment (B-BBEE) Amendment Act No 46 of 2013, the Broad-Based Black Economic Empowerment Regulations 2016 and the JSE Listings Requirements, a B-BBEE compliance report is available on the [company 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 and is incorporated into the corporate governance framework of the board. The company seeks to achieve clarity, certainty and transparency in its tax affairs, thereby ensuring that tax planning is built on a sound commercial business activity. From a board perspective, in order to identify improvement opportunities in a tax-efficient manner through proactive collaboration with all group companies, the board has formalised and articulated a group tax compliance and tax risk policy that is compliant and congruent within the organisation.

In this regard, Grindrod is progressing according to plan to meet the 2018 three-tier documentation approach implemented by SARS in terms of the Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting (OECD BEPS) Action Plan 13 report. The plan takes into account changes in global tax and transfer pricing regulations and the resulting, increased focus on transfer pricing. Transfer pricing is an evolving concept and has been included in requirements for 2018 for documentation.

The requirements include, as per the Action Plan 13 report, that Grindrod Limited, as a reporting entity based in South Africa, file a Country-by-Country (CbC) report, a master file and a local file for the tax years commencing on or after 1 January 2016.

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 104 to 116.

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.

Grindrod's internal audit function, which covers the group's operations, is central to the company'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.

The effectiveness of the internal audit function and scope restrictions are monitored and reviewed by the audit committee together with the internal audit manager's appointment and performance. The internal audit manager reports functionally to the audit committee and administratively to the group 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 updated as appropriate 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.

The directors are ultimately responsible for the company'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.

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 and the action plans that were developed and implemented by management to mitigate the risks are continuously monitored.

This model gives the board the assurance, through the audit and risk committees, that all significant risks and associated opportunities are adequately managed.

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, understandable and reciprocal communication.

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 formal 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 and ethical issues relevant to the company.



The committee functions within formally approved terms of reference, reviewed on an annual basis and operates according to an approved, detailed annual work plan.

Role of the committee

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

- 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 the company'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; 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 executive 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 84 to 88.

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 2017.

Attendance of committee members at the meetings of the committee during the year is listed on page 89 of this integrated annual report.

Fees paid to the committee members are reflected on page 110 in the remuneration report and the proposed fees for 2018 are detailed on page 143.

Key activities

In terms of its mandate, matters considered by the social and ethics committee based on its annual work plan for 2017 included:

- monitoring and reviewing the company'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 the company's sustainability performance measured against the five UN Sustainable Development Goals – SDG4: quality education, 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 the company's human capital management strategies and performance, including HR strategies, systems and policy, and employee relations, skills development and retention, performance management and the company's status in terms of safety and health and employee wellness;
- monitoring and reviewing of the company's action plans to set and achieve transformation objectives and B-BBEE strategies and performance including the Grindrod B-BBEE scorecard;
- reviewing performance in the areas of corporate social investment and socio-economic 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 2017 integrated annual report; and
- approving the annual work plan for 2018.

On behalf of the social and ethics committee



Raymond Ndlovu
Chairman

23 March 2018

Report of the risk committee

Role and key functions

The risk committee is a formal committee of the board that provides focused support to the board with respect to its risk- governance responsibility.

Role and key functions



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 risks and opportunities that guide the strategic direction of the company. 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.

Composition and committee meetings

The committee comprises the executive chairman, three independent non-executive directors and three executive directors. During the year under review, directors serving on the committee included Pieter Uys (chairperson), Hassen Adams, Mike Hankinson, Alan Olivier (early-retired 31 July 2017), Bongiwe Ntuli, David Polkinghorne, Nkululeko Sowazi, Martyn Wade (resigned as executive director on 1 November 2017) and Andrew Waller. More details of these directors are given on pages 84 to 88.

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 2017.

Attendance of committee members at the meetings of the committee in the year is listed on page 89 of this integrated annual report.

Fees paid to the committee members are reflected on page 110 in the remuneration report and the proposed fees for 2018 are detailed on page 143.

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 2017 included:

- review of the risk-management framework, policy, risk appetite and risk-tolerance limits for the company;
- review and assessment of the top group and divisional risks and opportunities associated with the environment in which the company operates and the capitals used and effected by the operations and the appropriateness of the mitigation strategies implemented;
- review of 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 effectiveness of the risk management process;
- review of the 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 2017 integrated annual report; and
- approval of its annual work plan for 2018.

Risk-management process

Following its assessment, the risk committee is of the opinion that the company's risk-management processes are effective in identifying, assessing and addressing the material factors that may impact the company in the development and implementation of its strategies. More information on the company's material identified risks is included on pages 32 to 45. Application of principle 11 of King IV is included on page 95 of the governance report.

On behalf of the risk committee

Pieter Uys
Chairman

23 March 2018


Report of the investment committee

Role and key functions

The investment committee is a formal committee of the board that makes recommendations on the strategic direction of the company.

Role and key functions

It reviews and advises on capital and other strategic applications in terms of the company'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 three members, the executive chairman and two independent non-executive directors, Gerhard Kotze and Pieter Uys. More details of these directors are given on pages 84 to 88. The chairman may co-opt ad-hoc members for a meeting, based on capital applications to be considered.


Meetings are scheduled as required as per the terms of reference. Four committee meetings were scheduled in 2017. Attendance of committee members is listed on page 89 of this integrated annual report.

Fees paid to the committee members are reflected on page 110 in the remuneration report and the proposed fees for 2018 are detailed on page 143.

Key activities

In terms of its mandate, matters considered by the investment committee in 2017, for recommendation to the board, included applications to submit tenders, the increase of current investments, approvals of new investments and the restructuring of investments. The committee also reviewed progress on the implementation of the company's strategy.

On behalf of the investment committee



Mike Hankinson
Chairman

23 March 2018

Report of the nomination committee

Role and key functions

The nomination committee is a formal, independent 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.

Role and key functions



The role and key functions of the nomination committee are defined in the nomination committee terms of reference, reviewed annually. The committee operates according to an approved detailed annual work plan.

Composition and committee meetings

The committee comprises three independent non-executive directors. During the year under review, directors serving on the committee included Nkululeko Sowazi (appointed on 25 November 2014 and appointed as chairman on 1 November 2017), Hassen Adams (appointed on 1 November 2017), Mike Hankinson (chairperson, appointed on 25 November 2014, resigned on 1 November 2017 further to his appointment as the executive chairman) and Pieter Uys (appointed on 27 May 2016). More details of these directors are given on pages 84 to 88.

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. One unscheduled meetings was held in 2017.

Attendance of committee members at the meetings of the committee in the year is listed on page 89 of this integrated annual report.

Fees paid to the committee members are reflected on page 110 in the remuneration report and the proposed fees for 2018 are detailed on page 143.

Key activities

In terms of its mandate, matters considered by the nomination committee based on its annual work plan for 2017 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 professional development programme for appointed directors;
- monitoring directors' briefings on changes in risks, laws and the environment in which the company 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 2017 integrated annual report; and
- approving its annual work plan for 2018.

Board appointments

Following the early retirement of the CEO on 31 July 2017, as an interim arrangement, the board appointed the non-executive chairman as executive chairman to oversee the implementation of the revised business strategy.

The committee subsequently gave consideration to the appointment of Nkululeko Sowazi as lead independent non-executive director. On the basis of a detailed review of his competencies and experience, the committee recommended his appointment, which recommendation was unanimously supported by the board.

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 re-appointment of Grant Gelink as chairperson and Walter Geach and Raymond Ndlovu as members of the audit committee, which were unanimously supported by the board.

On behalf of the nomination committee



Nkululeko Sowazi
Chairman

23 March 2018

Report of the remuneration committee

Scope of report

This report, compiled in accordance with King IV practices, reviews the activities of the remuneration committee and the remuneration principles and policy that guide its decisions and discloses directors' and prescribed officers' remuneration.

Role and key functions



The remuneration committee is a formal 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.

Composition and committee meetings

The committee comprises three independent non-executive directors. During the year under review, directors serving on the committee included Pieter Uys (chairman, appointed 27 May 2016), Hassen Adams (appointed 1 November 2017), Mike Hankinson (appointed May 2010, resigned on 1 November 2017 further to his appointment as the executive chairman) and Nkululeko Sowazi (appointed 25 November 2014). More details of these directors are given on pages 84 to 88.

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. A total of three unscheduled meetings were held in 2017.

Attendance of committee members at the meetings of the committee during the year is listed on page 89 of this integrated report.

Fees paid to the committee members are reflected on page 110 in this report and the proposed fees for 2018 are detailed on page 143.

Key activities

In terms of its mandate, matters considered by the remuneration committee based on its annual work plan for 2017 included:

- monitoring the company'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 bonuses, for executive directors;
- approving the overall divisional allocations for senior-management bonuses;
- approving annual remuneration increases for employees outside the bargaining unit;
- reviewing the performance of the primary pension and provident funds;
- reviewing legislative and regulatory compliance within the scope of its mandate;
- reviewing the remuneration report for inclusion in the 2017 integrated annual report; and
- approving the annual work plan for 2018.

Performance evaluation

During the year, the committee considered the performance of the executive chairman, the group financial director, other executive directors, non-executive directors and board committees in determining their respective remuneration. The primary performance indicators are set out on page 108.

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 110 to 116, and recommended the inclusion of its report in the Grindrod integrated annual report for the year ended 31 December 2017 to the board.

On behalf of the remuneration committee



Pieter Uys

Chairman

26 February 2018

Directors' interests in the company

At 31 December 2017, the directors held interests in the company as follows:

Ordinary shares	2017			2016		
	Beneficial indirect	Beneficial direct	Non-beneficial indirect	Beneficial indirect	Beneficial direct	Non-beneficial indirect
MJ Hankinson	–	27 000	8 000	–	27 000	8 000
B Ntuli	–	10 000	–	–	–	–
AK Olivier ¹	–	–	–	–	2 434 250	–
DA Polkinghorne	–	128 929	–	–	78 929	–
MR Wade	–	350 000	–	–	200 000	–
AG Waller	–	357 858	–	–	207 858	–
SDM Zungu	–	4 228	–	–	4 228	–
	–	878 015	8 000	–	2 952 265	8 000

1. Retired as executive director and CEO on 31 July 2017, therefore 2017 interests have been excluded from the table above.

Further to vesting in terms of the forfeitable share plan, the beneficial direct shareholdings increased by 283 333.

None of the directors had any material interest in any contracts with the group during the year under review. There were no changes in the directors' interest in shares between 31 December 2017 and the date of this report.

Report of the remuneration committee continued

Background statement

2017 focus

In 2017, the remuneration committee focused on addressing two challenges, being the fair treatment of staff employed in discontinued operations and the retention of specialist skills. Both these challenges relate to the cyclical markets in which Freight Services and Shipping operate.

During the year it became clear that Grindrod had survived the recent downturn and was well positioned as a sustainable business. It was recognised that the implementation of the Grindrod strategy and decisions taken by key management in recent years were integral to this positioning. However, the impact of the contracting macro environment, which had already resulted in a reduction of staff training benefits, left the group with limited scope to reward exceptional performance in the execution of mitigation plans.

Market uncertainty, the stressed business and the divisional consolidations, which included retrenchments, were negatively impacting staff retention. In mid-2017, the retirement of the CEO and the board decision to investigate the Spin-off of Shipping as a separate business and reposition the remaining businesses added to uncertainty.

The committee, being cognisant of the need to retain specialist skills to promote the successful implementation of Grindrod's strategies, prioritised staff retention as a key focus.

To endorse decisions recommended by the committee, it sourced the assistance of a number of independent and objective remuneration specialists in the formulation of the incentive targets, which included retention contracts, and bench-marking the remuneration packages of executive committee members and certain senior divisional executives.

Recommendations to ensure the successful implementation of Grindrod's strategy included:

- Entering into eighteen-month retention contracts with all executive committee members, expiring at the end of 2018 after the projected completion of the strategic reorganisation.
- Incentivising the executive committee and key senior employees to stimulate the successful achievement of the Spin-off of the Shipping division and the repositioning of remaining businesses.
- Rewarding retained employees on merit for work output notwithstanding low levels of profitability and even losses.
- Negotiating settlements with union employees providing for above-inflation increases.

An additional measure to ensure continuity was that, as an interim measure, the CEO would not be replaced, but that the chairman of the board would oversee the transition process as executive chairman. This was supported by the appointment of Nkululeko Sowazi as lead independent director.

Advisory vote

The outcome of the shareholder non-binding advisory vote on the remuneration policy at the annual general meeting on 24 May 2017 was 72.47 percent.

The main objection to the remuneration policy, raised by the Public Investment Corporation and the shareholding voting service used by a number of shareholders, is the lack of measurable participation criteria, including profit targets, in the share-price-linked option scheme and the forfeitable share plan.

- The share-price-linked scheme has been amended to include vesting conditions.
- The remuneration committee reiterated previous feedback, namely that, in line with shareholder approval of the forfeitable share plan in 2012, profit targets do not necessarily form part of the criteria. This is because the scheme has been designed to reward and retain key staff through market cycles over which participants have no control and which would, at times, not trigger the payment of short-term cash bonuses.

Future focus

Our future focus will remain on ensuring that employees across all spectrums are fairly, responsibly and transparently remunerated 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 2017 further 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 actions taken by the committee to ensure the fair compensation of all staff and the retention of key staff in a period of uncertainty and transition achieved the desired results. The committee is satisfied that Grindrod's core skills complement is intact and capable of successfully driving the Spin-off of the Shipping division and the repositioning of Freight Services and Financial Services to the benefit of all stakeholders.

Remuneration policy



The Grindrod remuneration philosophy, available on the [company 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 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.

Payment 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 payment based on the current share price on outstanding options with reference to the share priced linked option scheme, unless the board 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 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. The forfeitable share plan and share option scheme, reflected on pages 108 to 109 – provide for awarding a total of 5 025 667 shares as incentives.

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 local and international 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 updated 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 in consultation with independent and objective remuneration specialists. The proposed fees, aligned with the remuneration levels of comparable listed companies, are referred to the board for approval at the annual general meeting. Non-executive directors are excluded from participation in the short- and long-term incentive schemes.

Report of the remuneration committee continued

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 percent of TCOE.

KPIs are grouped according to the following three elements:

- The stretch profit element (capped at 50 percent of TCOE), which is based on both targeted divisional and group profits. Factors including market conditions, return on equity and financial performance are considered in determining such targets.
- The specific strategic element (capped at 30 percent of TCOE), aimed at ensuring attainment of key initiatives from the three-year strategic plan, which is directly aligned to the delivery of shareholder value.
- Non-specified value-added component (with a 20-per-cent cap), 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 2017, 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 110. The maximum remuneration, exclusive of vesting, would have been equivalent to 200 percent 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 executive chairman and bonus information is tabled for approval by the remuneration committee.

Incentive schemes - Long-term

Grindrod Limited 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 shipping and commodity markets, 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 percent 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, due to extended poor commodity and shipping markets, has awarded a total of 4 625 667 shares to retain key management.

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 executive chairman 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;
- appreciation of the Grindrod Limited share price, measured against increased shareholder value over the vesting period; and
- the total award at a divisional level in any period being limited to ten percent of the division's attributable profit.

Vesting settlements may not exceed ten percent of the net after-tax 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 executive chairman.

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 the company 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, normally 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 sell or encumber their allocation until delivery date. Unvested awards are forfeited on termination of employment by the company or the participant. The value granted is recognised in the income statement at the awarded price over the vesting period.

To ensure the retention of key managers critical to the Spin-off process and strategy execution, shares awarded in June 2017 were subject to the five-year vesting period or an earlier date as determined by the remuneration committee. The scheme is capped at six million shares.

Grindrod Bank share-price-linked option scheme

The Grindrod Bank 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 ten percent 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.

Report of the remuneration committee continued

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 the company in relation to the 2017 and 2016 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	2017 Total R000	% increase from 2016 excluding bonus ⁷
Local								
Executive directors								
MJ Hankinson ²	940	455	3 500	–	4 895	4 895	9 790	
B Ntuli	–	–	3 081	1 413	4 494	2 517	7 011	6.92
DA Polkinghorne	–	–	3 350	827	4 177	2 881	7 058	7.85
AG Waller	–	–	4 057	743	4 800	2 400	7 200	6.22
Sub-total	940	455	13 988	2 983	18 366	12 693	31 059	
Non-executive directors								
H Adams	302	90	–	–	392	–	392	
MR Faku	302	–	–	–	302	–	302	
WD Geach	380	286	–	–	666	–	666	
G Gelink	302	242	–	–	544	–	544	
G Kotze	–	–	–	–	–	–	–	
Z Malinga	384	93	–	–	477	–	477	
R Ndlovu ³	112	481	–	–	593	–	593	
NL Sowazi ⁴	302	237	–	–	539	–	539	
PJ Uys ⁵	433	391	–	–	824	–	824	
SDM Zungu	302	–	–	–	302	–	302	
Sub-total	2 819	1 820	–	–	4 639	–	4 639	
Total emoluments local	3 759	2 275	13 988	2 983	23 005	12 693	35 698	

Prescribed officer – offshore

	Currency	Directors' fees 000	Com- mittee fees 000	Basic remuneration 000	Retire- ment medical and other benefits 000	Total package 000	Bonus ¹ 000	2017 Total 000	% increase excluding bonus ⁷
Offshore									
Executive director									
MR Wade ⁶	SGD	–	–	768	133	901	307	1 208	Nil

Retired director – local

	Basic remuneration 000	Retire- ment medical and other benefits 000	Severance and leave pay on retire- ment 000	2017 Total 000
Executive director – retired 30 July 2017				
AK Olivier	4 144	964	9 795	14 903

¹ Bonus payment in respect of services rendered in 2017 accrued as at year-end, as detailed on page 112.

² Appointed as executive chairman 1 June 2017.

³ Alternate to PJ Uys.

⁴ Appointed as lead independent non-executive director 1 June 2017.

⁵ Fees ceded to Remgro.

⁶ Resigned as executive director 1 November 2017.

⁷ 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.

Current directors – local

	Directors' fees	Committee fees	Basic remuneration	Retirement medical and other benefits	Total package	Bonus ¹	2016 Total	% increase from 2015 excluding bonus ⁹
Local	R000	R000	R000	R000	R000	R000	R000	
Executive directors								
AK Olivier	–	–	6 539	1 778	8 317	1 087	9 404	7.63
B Ntuli	–	–	3 718	486	4 203	721	4 924	7.76
DA Polkinghorne	–	–	3 229	644	3 873	2 033	5 906	6.40
AG Waller	–	–	3 824	695	4 519	729	5 248	6.69
Sub-total	–	–	17 310	3 603	20 912	4 570	25 483	
Non-executive directors								
H Adams	266	79	–	–	345	–	345	
JJ Durand ^{2,3}	107	74	–	–	181	–	181	
MR Faku ⁴	266	16	–	–	282	–	282	
WD Geach	356	205	–	–	561	–	561	
G Gelink	266	213	–	–	479	–	479	
MJ Hankinson	827	362	–	–	1 189	–	1 189	
Z Malinga ⁵	46	–	–	–	46	–	46	
R Ndlovu ⁶	61	186	–	–	247	–	247	
T Nyoka ⁷	118	60	–	–	178	–	178	
NL Sowazi	266	209	–	–	475	–	475	
PJ Uys ²	247	246	–	–	493	–	493	
SDM Zungu	266	–	–	–	266	–	266	
Sub-total	3 092	1 650	–	–	4 742	–	4 742	
Total emoluments local	3 092	1 650	17 310	3 603	25 651	4 570	30 222	

Current directors – offshore

	Currency	Directors' fees	Committee fees	Basic remuneration	Retirement medical and other benefits	Total package	Bonus ¹	2016 Total	% increase from 2015 excluding bonus ¹⁰
Offshore		000	000	000	000	000	000	000	
Executive director									
MR Wade	SGD	–	–	768	133	901	100	1 001	0.64
Non-executive director									
AC Brahde ⁸	GBP	11	–	–	–	11	–	11	

¹ Bonus payment in respect of services rendered in 2016 accrued as at year-end.² Fees ceded to Remgro.³ Resigned as independent non-executive director 27 May 2016 and was replaced by PJ Uys.⁴ Resigned as member of the social and ethics committee on 22 February 2016.⁵ Appointed as independent non-executive director 24 October 2016.⁶ Appointed as independent non-executive director 27 May 2016.⁷ Includes fees paid by Grindrod Bank Limited. Resigned as director of the boards of Grindrod Bank Limited on 7 April 2016 and Grindrod Limited on 16 May 2016.⁸ Resigned as independent non-executive director 27 May 2016.⁹ 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. Average increase from March 2016 to February 2017 is 6%. Deviation from the 6% is due to two months of remuneration at prior year increase levels. Annual increases are effective 1 March 2016, affecting 10 months of the financial year.¹⁰ The 0.64% increase from 2015 to 2016 is due to timing as more fully set out in note 9 above.

Report of the remuneration committee continued

As discussed above Grindrod entered into an agreement with each of the remaining executive directors to retain their skills for an 18 month period until 31 December 2018 when the strategic plan had been fully executed. B Ntuli, DA Polkinghorne, AG Waller and MR Wade received R 4.5 million, R 4.2 million, R 4.8 million and SGD 0.8 million respectively representing one year's annual salary.

Inclusive of AK Olivier's retirement payments and retention payments above, total executive and non-executive remuneration was R64.1 million and SGD2.0 million.

Short-term incentive: performance bonuses

The table below shows the bonus payments related to performances for 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 TCOTE	
				2017	2016
AK Olivier				N/A	13
B Ntuli	8	29	19	56	17
DA Polkinghorne	25	27	17	69	52
MR Wade	–	25	15	40	13
AG Waller	–	30	20	50	16
Average	8	28	18	54	22
Target weighting	50	30	20	100	100

	Target Weighting	Performance against target
B Ntuli		
Grindrod and Freight Services HEPS	50	Partially achieved
Strategic repositioning of Freight Services	30	Partially achieved
Specific projects execution		Achieved
Non-specific value added	20	Partially achieved
DA Polkinghorne		
Grindrod and Financial Services HEPS	50	Partially achieved
Strategic repositioning of Financial Services	30	Partially achieved
Specific projects execution		Achieved
Non-specific value added	20	Partially achieved
MR Wade		
Grindrod and Shipping HEPS	50	Not achieved
Strategic repositioning of Shipping	30	Partially achieved
Specific projects execution		Achieved
Non-specific value added	20	Partially achieved
AG Waller		
Grindrod HEPS	50	Not achieved
Strategic repositioning of the group	30	Achieved
Balance sheet and liquidity targets		Achieved
Capital allocation		Achieved
Shared Services restructure		Achieved
Non-specific value added	20	Achieved

MJ Hankinson was asked to fill the role of the executive chairman and chief executive officer on the resignation of AK Olivier. The remuneration committee confirmed that he would be eligible for 100% of his annual salary by way of bonus. MJ Hankinson's sole KPI is the execution of the strategic plan. The remuneration committee assessed that MJ Hankinson had achieved his KPI for the six month period ended 31 December 2017 and he was awarded his bonus in full. Note that MJ Hankinson's remuneration excludes pension, provident, medical aid and long term incentives.

Share option scheme

The share option scheme is closed. At 31 December 2016, only AK Olivier remained as a participant in the scheme with 400 000 vested ordinary-share options. Following his retirement, these options, with a strike price of R12.51, expire on 31 July 2018.

Grindrod Limited share-price-linked option scheme

No share option gains and cash-settled share-price-linked option payments were paid during 2017. This was due to the share price below the award price.

	Share-price-linked option payment 2017 R000	Share-price-linked option payment 2016 R000
Executive directors / prescribed officers		
AK Olivier ¹	-	-
B Ntuli	-	-
DA Polkinghorne	-	-
MR Wade	-	-
AG Waller	-	-
Total	-	-

¹ In terms of the scheme rules, a bonus payment of R4 259 040 was made following the retirement of AK Olivier.

A summary of options granted to executives and senior management, still to vest as at 31 December 2017, is as follows:

Date option granted	Number of options granted	Price R	Cancel-lations	Forfeited	Vesting on retirement/transfer	Vested	Net total ¹
2013	5 639 000	16.68	(1 026 333)	-	(1 132 334)	(2 631 333)	849 000
2014	2 427 000	26.97	(318 000)	(961 000)	(241 000)	(384 332)	522 668
2015	4 111 000	18.97	(435 000)	-	(948 000)	-	2 728 000
2016	6 911 000	9.22	(961 000)	-	(1 612 000)	-	4 338 000
2017	7 094 000	13.84	(578 000)	-	(1 517 000)	-	4 999 000
2017	1 350 000	10.90		-	(150 000)	-	1 200 000
	27 532 000	-	(3 318 333)	(961 000)	(5 600 334)	(3 015 665)	14 636 668

¹ At 31 December 2017, the fair value of these options was R18 million.

Report of the remuneration committee continued

The details of awards granted to executives as at 31 December 2017 are as follows:

Director	Options at 1 January 2017	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2017 ¹	Option price R	Vesting dates
AK Olivier	3 112 700	1 517 000	68 400	13.84		14.72	February 2017
			345 700	13.84		16.68	February 2017
			345 600	12.26		16.68	February 2018
			63 000	13.84		26.97	February 2017
			63 000	12.26		26.97	February 2018
			63 000	12.26		26.97	February 2019
			254 300	12.26		18.97	February 2018
			254 300	12.26		18.97	February 2019
			254 400	12.26		18.97	February 2020
			467 000	12.26		9.22	February 2019
			467 000	12.26		9.22	February 2020
			467 000	12.26		9.22	February 2021
			505 666	12.26		13.84	February 2020
			505 667	12.26		13.84	February 2021
			505 667	12.26		13.84	February 2022
B Ntuli	810 700	685 000	14 000	13.84		14.72	February 2017
			111 300	13.84		16.68	February 2017
					111 400	16.68	February 2018
					82 667	18.97	February 2018
					82 667	18.97	February 2019
					82 666	18.97	February 2020
					108 667	9.22	February 2019
					108 667	9.22	February 2020
					108 666	9.22	February 2021
					228 333	13.84	February 2020
DA Polking- horne	522 332	238 000	11 666	13.84		14.72	February 2017
			54 333	13.84		16.68	February 2017
					54 333	16.68	February 2018
			12 667	13.84		26.97	February 2017
					12 667	26.97	February 2018
					12 666	26.97	February 2019
					37 300	18.97	February 2018
					37 300	18.97	February 2019
					37 400	18.97	February 2020
					84 000	9.22	February 2019
					84 000	9.22	February 2020
					84 000	9.22	February 2021
					79 333	13.84	February 2020
					79 333	13.84	February 2021
					79 334	13.84	February 2022

Director	Options at 1 January 2017	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2017 ¹	Option price R	Vesting dates
MR Wade	855 000		50 000	13.84		16.68	February 2017
					50 000	16.68	February 2018
					107 667	18.97	February 2018
					107 667	18.97	February 2019
					107 666	18.97	February 2020
					144 000	9.22	February 2019
					144 000	9.22	February 2020
					144 000	9.22	February 2021
		440 000			146 667	13.84	February 2020
					146 667	13.84	February 2021
					146 666	13.84	February 2022
AG Waller	1 121 400		22 400	13.84		14.72	February 2017
			137 000	13.84		16.68	February 2017
					137 000	16.68	February 2018
					79 334	18.97	February 2018
					79 333	18.97	February 2019
					79 333	18.97	February 2020
					195 667	9.22	February 2019
					195 667	9.22	February 2020
					195 666	9.22	February 2021
		555 000			185 000	13.84	February 2020
					185 000	13.84	February 2021
					185 000	13.84	February 2022
	6 422 132	3 435 000	5 043 066		4 814 066		

¹ At 31 December 2017, the fair value of these options was R6 million.

The cost of scheme settlements is hedged against 6 287 384 treasury shares (2016: 8 833 128), not allocated to the forfeitable share plan, purchased at a weighted average price of R19.05 (2016: R17.31). During 2017, 100 000 shares (2016: nil) were bought back at an average price of R13.87.

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 R	Number of forfeitable shares vested ²	Number of forfeitable shares forfeited	Total forfeitable shares ³
31 May 2012	2012	2 150 000	13.65	(1 654 630)	(495 370)	–
31 May 2012	2012	152 884	14.71	(152 884)	–	–
31 August 2013	2013	107 388	24.91	(44 596)	(62 792)	–
24 February 2014	2014	1 068 000	27.15	(414 971)	(330 362)	322 667
23 February 2015	2015	650 000	17.97	(157 755)	(92 245)	400 000
22 February 2016	2016	1 076 000	9.61	(97 286)	(165 714)	813 000
28 September 2016	2016	100 000	12.00	–	(100 000)	–
28 February 2017	2017	100 000	13.87	–	(50 000)	50 000
26 June 2017	2017	3 020 000	13.87	–	(410 000)	2 610 000
1 November 2017	2017	430 000	15.48	–	–	430 000
		8 854 272		(2 522 122)	(1 706 483)	4 625 667

¹ The price reflects the market price on the dates of award.

² The vesting price for the 2012, 2013 and 2014 awards, that vested during 2017, was R11.41, R10.75 and R13.31 respectively.

³ At 31 December 2017, the fair value of these options based on a closing share price of R13.65 was R63 million.



Report of the remuneration committee continued

The table below shows the executive participants in the scheme. No forfeitable shares were granted to the executives during 2017.

Award date	Opening balance 1 January 2017	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares ¹
AK Olivier ^{2,3}	963 000	(666 499)	(296 501)	–
B Ntuli	433 400	(50 000)	–	383 400
DA Polkinghorne	211 400	(50 000)	–	161 400
MR Wade	461 200	(150 000)	–	311 200
AG Waller	543 400	(150 000)	–	393 400
	2 612 400	(1 066 499)	(296 501)	1 249 400

¹ At 31 December 2017, the fair value of these options was R17 million.

² The number of forfeitable shares vested includes 383 166 shares, at a price on vesting of R12.38, subject to pro-rata vesting on retirement.

³ Based on approval of the remuneration committee, a cash bonus of R1 871 800 was made in lieu of shares that would have vested during AK Olivier's notice period.

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 2017, is as follows:

Date option granted	Number of options granted	Price R	Lapse	Vested	Net total ¹
2013	1 553 000	7.55	(22 000)	(1 254 500)	276 500
2014	2 207 000	9.88	(31 000)	(1 465 333)	710 667
2015	1 309 000	13.04	(92 000)	(206 000)	1 011 000
2016	945 000	15.60	–	(69 000)	876 000
2017	1 109 000	16.93	–	–	1 109 000
	7 123 000	–	(145 000)	(2 994 833)	3 983 167

Bonus payments totalling R17 917 661 were made on Grindrod Bank options vesting and settled in 2017. This included payments made to D Polkinghorne of R2 358 470 and payments made to key managers who exited the scheme following the formation of a newly established entity, Bridge Fund Managers, on the merger of Grindrod Asset Management with that of private equity house Infinitus Holdings Proprietary Limited.

The details of awards granted to an executive as at 31 December 2017 are as follows:

Director	Options at 1 January 2017	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2017 ¹	Option price R	Vesting dates
DA Polking- horne	763 334		78 334	16.93		6.86	February 2017
			56 000	16.93		7.55	February 2017
			28 000	16.93	28 000	7.55	February 2018
			98 000	16.93		9.88	February 2017
			49 000	16.93	49 000	9.88	February 2018
			49 000	16.93	49 000	9.88	February 2019
					47 000	13.04	February 2018
					47 000	13.04	February 2019
					47 000	13.04	February 2020
					46 000	15.60	February 2019
					46 000	15.60	February 2020
					46 000	15.60	February 2021
		145 000			48 333	16.93	February 2020
					48 333	16.93	February 2021
					48 334	16.93	February 2022
	763 334	145 000	358 334		550 000		

Report of the audit committee

The audit committee is a formal, 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.

At its meeting held in February 2017, the committee reviewed and approved the terms of reference as amended in accordance with the provisions of King IV.

Role of the committee

The audit committee ensures that accurate financial reporting through 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 the company, and for IT governance and the strategic alignment of IT with the performance and sustainability objectives of the company.

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 the company'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 (re-appointed 24 May 2017 and appointed as chairperson 26 November 2014), Walter Geach (re-appointed 24 May 2017) and Raymond Ndlovu (re-appointed 24 May 2017). More details of these directors are given on pages 84 to 88.

The independence of the audit committee and performance of its members were evaluated by the nomination committee during 2017. Based on the recommendation of the committee, the board proposed the re-election of the members to the shareholders at the forthcoming annual general meeting.

The committee invites the executive chairman, the group financial director, group risk and internal audit manager and representatives of the external auditors to attend its meetings as required.

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 2017.

Attendance of committee members at the meetings of the committee during the year is listed on page 89 of this integrated annual report.

Fees paid to the committee members are reflected on page 110 in the remuneration report and the proposed fees for 2018 are detailed on page 143.

The group company secretary serves as secretary to the committee.

Key activities

In terms of its mandate, matters considered by the audit committee based on its annual work plan for 2017 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 group financial director and the expertise, experience and resources of the company'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;

Report of the audit committee continued

- nominating for approval by shareholders at the annual general meeting the independent external auditor and designated audit partner and the approval of their terms of engagement and fees for audit and non-audit services;
- reviewing the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks, audit findings and external audit report;
- reviewing the internal auditors' limited assurance report;
- legislative and regulatory compliance within the scope of its mandate;
- reviewing implementation of the company's tax policy;
- reviewing and recommending to the board publicly disclosed financial information, including the interim results for the six months ended 30 June 2017;
- reviewing the annual financial statements and results for the year ended 31 December 2017 and the 2017 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 the Report of the JSE on Reporting Back on Proactive Monitoring of Financial Statements in 2016, dated 13 February 2017;
- evaluating the performance of the audit committee; and
- approving its annual work plan for 2018.

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 132. The external auditor was nominated for each material subsidiary company for re-appointment.

The chairman of the committee met formally with the internal and external auditors during the year. During these meetings no matters of concern were raised.

External audit

Deloitte & Touche served as the company's registered external auditors for the 2017 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.

The external auditors have unrestricted access to the chairman of the committee and met formally on two occasions in 2017.

In assessing the auditor's independence, the committee considered guidance contained in King IV as well as IRBA publications and the related commentary thereon. Deloitte & Touche have been auditors of the Grindrod group for fourteen 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; independence training and monitoring of non-audit services. The committee is satisfied that adequate steps have been taken by Deloitte & Touche and management and concluded that the transition to the incoming group audit partner was effective and efficient.

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 the company. External audit fees approved for the 2017 financial year to Deloitte & Touche amounted to R22.2 million (2016: R19.1 million); US\$252 073 (2016: US\$205 100); SGP\$1.0 million (2016: SGP\$904 000) and P819 000 (2016: P608 000).

The approved audit fee accounts for 34 audit partners in 31 countries in order to perform the 200+ global statutory audits. The total non-audit services for the 2017 financial year performed by and paid to Deloitte & Touche amounted to R3.6 million (2016: R3.0 million), of which 94 percent relates to permitted tax services. In addition the committee has 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. The committee has considered the quantum of the assets and liabilities on the statement of financial position and other items that require significant judgement and the following key audit matters are highlighted:

- valuation of goodwill;
- valuation of investments in joint ventures;
- valuation of ships and bunker barges; and
- classification and measurement of non-current assets held for sale and discontinued operations.

Goodwill and other indeterminate useful life intangible assets are assessed annually for impairment. The key assumptions used are cash flow projections, growth rates and discount rates applied. The committee was in agreement with the impairment of the goodwill and intangible assets and that the carrying value of the goodwill is fairly stated. Please refer to the accounting policies and note 4 of the [annual financial statements](#) for further detail.

Annual impairment tests are conducted to assess the recoverability of the carrying value of the various investments in joint ventures, using discounted cash flow models and include a number of key assumptions, such as revenue growth, operating margins, exchange rate fluctuations and the discount rates applied to the projected future cash flows. The committee considered the impairment test conducted, and is in agreement no impairment was required and that the carrying value of the investments in joint ventures is fairly stated.

Annual impairment tests are conducted to assess the valuation of ships and bunker barges using a value-in-use model as well as comparisons to traded market values. A number of key assumptions are considered, including charter-in and freight market rates, operating margins, residual value of the ships and discount rates applied to the projected future cash flows. The committee considered the impairment test conducted, and is in agreement with the impairment of ships and bunker barges and that the carrying value of ships and

bunker barges is fairly stated.

Once a board decision relating to the sale or loss of control of a disposal group has been committed to, all of the assets and liabilities of such disposal group are classified as held-for-sale in terms of IFRS 5 and the classification of discontinued operations is assessed. The committee agreed with the fair value less costs to sell assessment of the disposal groups and assessed any key adjustments to net book value of the disposal groups based on the requirements of IFRS 5 subsequent measurement. In addition, the committee concurred with the classification of the discontinued operations. Please refer to note 17 of the [annual financial statements](#).

Annual report

Annual financial statements

Following the committee's review of the annual financial statements for the year ended 31 December 2017, 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 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 2017.

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 2017.

On behalf of the audit committee



Grant Gelink
Chairman

22 March 2018

Summarised consolidated financial statements

Summarised consolidated financial statements

Approval of the summarised consolidated financial statements	122
Compliance statement by the group company secretary	122
Preparation of the summarised consolidated financial statements	123
Limited assurance report	124
Independent auditor's report on the summarised consolidated financial statements	125
Summarised consolidated financial statements	126

Approval of the summarised consolidated financial statements

for the year ended 31 December 2017

The audited summarised consolidated financial statements have been prepared in accordance with the Framework concepts recognition and measurement criteria of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum, contain the information required by IAS 34 Interim Financial Reporting and the Companies Act of South Africa requirements applicable to summarised financial statements.

The provisional accounting relating to the fair value on acquisition of a prior year business combination has been completed. Consequently the comparative figures have been adjusted retrospectively. The effect of the adjustment resulted in an increase in the value of leasehold land and buildings, intangible assets and related deferred tax liability offset by a decrease in goodwill.

In the prior year, ships held for sale was incorrectly disclosed as held for sale assets under inventory instead of remaining in ships, property, terminals, machinery, vehicles and equipment. This prior period error was due to an incorrect interpretation on the treatment of a change in intention relating to dual purpose assets under IAS 16 Property, plant and equipment. The effect of the adjustment resulted in an increase in value of ships offset by a decrease in inventory. There is no impact on profit or loss.

As a result of the decision to separately list the Group's Shipping business and the decision to exit the Rail operations, the Group's prior year summarised consolidated income statement and summarised segmental analysis have been re-presented to take into account the requirements of IFRS 5 Non-current assets held for sale and discontinued operations. The Group's summarised consolidated statement of other comprehensive income, summarised consolidated statement of financial position and summarised consolidated statement of changes in equity are not required to be re-presented.



The full consolidated annual financial statements from which these summarised consolidated financial statements were derived are electronically available on the group's website www.grindrod.com.

These summarised consolidated financial statements, which appear on pages 126 to 137 and the full set of consolidated annual financial statements have been prepared under the supervision of AG Waller, CA(SA) and were approved by the board of directors on 23 March 2018.

At the board meeting held on 23 March 2018, the board of directors approved the summarised consolidated financial statements and further authorised Mr NL Sowazi and Mr MJ Hankinson in their respective capacities as lead independent non-executive director and executive chairman to sign off the summarised consolidated financial statements. The summarised consolidated financial statements which appear on pages 126 to 137, are therefore signed on its behalf by:

NL Sowazi

Lead independent non-executive director
Durban

23 March 2018

MJ Hankinson

Executive Chairman
Durban

23 March 2018

Compliance statement by the group company secretary

for the year ended 31 December 2017

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, the company 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 2017.

Mrs Cl Lewis

Group company secretary
Durban

23 March 2018

Preparation of the summarised consolidated financial statements

Basis of preparation

The audited summarised consolidated financial statements have been prepared in accordance with the Framework concepts recognition and measurement criteria of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum, contain the information required by IAS 34 Interim Financial Reporting and the Companies Act of South Africa requirements applicable to summarised financial statements.

The provisional accounting relating to the fair value on acquisition of a prior year business combination has been completed. Consequently the comparative figures have been adjusted retrospectively. The effect of the adjustment resulted in an increase in the value of leasehold land and buildings, intangible assets and related deferred tax liability offset by a decrease in goodwill.

In the prior year, ships held for sale was incorrectly disclosed as held for sale assets under inventory instead of remaining in ships, property, terminals, machinery, vehicles and equipment. This prior period error was due to an incorrect interpretation on the treatment of a change in intention relating to dual purpose assets under IAS 16 Property, plant and equipment. The effect of the adjustment resulted in an increase in value of ships offset by a decrease in inventory. There is no impact on profit or loss.

As a result of the decision to separately list the Group's Shipping business and the decision to exit the Rail operations, the Group's prior year summarised consolidated income statement and summarised segmental analysis have been re-presented to take into account the requirements of IFRS 5 Non-current assets held for sale and discontinued operations. The Group's summarised consolidated statement of other comprehensive income, summarised consolidated statement of financial position and summarised consolidated statement of changes in equity are not required to be re-presented.

The full consolidated annual financial statements from which these summarised consolidated financial statements were derived are electronically available on the group's website www.grindrod.com.

These summarised consolidated financial statements, which appear on pages 126 to 137 and the full set of consolidated annual financial statements have been prepared under the supervision of AG Waller, CA(SA) and were approved by the board of directors on 23 March 2018.

Accounting policies

The accounting policies applied in the preparation of the full consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those of the previous full consolidated financial statements.

Audit opinion

These summarised consolidated financial statements for the year ended 31 December 2017 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the full consolidated annual financial statements for the year ended 31 December 2017, from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements is on page 125 and a copy of the auditor's report on the full consolidated annual financial statements is available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's 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 obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Post balance sheet events

There are no material post balance sheet events to report, except for the impact of the separate listing of the shipping business.



AG Waller CA(SA)
Group financial director
Durban

23 March 2018



Limited assurance report

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 2017 (the Report).

Scope of our 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); and
- Total direct and indirect GHG emissions – scope 1 and scope 2 (CO₂-e tonnes).

Limitation of audit scope

The limited assurance procedures for the above selected sustainability performance indicators were restricted to the Grindrod Shipping and Freight Services 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 2017 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; and
- 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 procedure 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 2017 the selected sustainability performance indicators set out above, in relation to Grindrod Shipping and Freight Services, are not prepared, in all material respects, in accordance with the GRI G4 Standards supported by Grindrod's internally developed guidelines.

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 2017, the 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 2017.

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.

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 23 March 2018. 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.

Auditors' 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.

Deloitte + Touche

Deloitte & Touche
Registered Auditor
Per Kim Peddie CA (SA), RA
Partner

06 April 2018

Deloitte Place
2 Pencron Crescent
Pencarron Park
La Lucia Ridge Office Estate
La Lucia 4051
Durban



Summarised consolidated statement of financial position

as at 31 December 2017

	Audited 31 December 2017 R000	Audited 31 December 2016* R000
Ships, property, terminals, machinery, vehicles and equipment	1 478 003	5 610 562
Intangible assets	710 909	1 030 281
Investments in joint ventures	2 453 230	3 947 765
Investments in associates	867 220	852 225
Deferred taxation	59 313	87 062
Other investments and derivative financial assets	2 389 218	1 948 728
Total non-current assets	7 957 893	13 476 623
Loans and advances to bank customers	7 149 198	5 854 734
Liquid assets and short-term negotiable securities	1 763 875	1 801 065
Bank balances and cash	8 970 274	9 478 073
Other current assets	2 466 331	4 019 600
Non-current assets held for sale	6 641 399	1 549 072
Total assets	34 948 970	36 179 167
Shareholders' equity	14 152 823	15 752 437
Non-controlling interests	44 659	48 919
Total equity	14 197 482	15 801 356
Interest-bearing borrowings	295 429	1 423 339
Financial Services funding instruments	720 137	803 489
Deferred taxation	244 655	264 744
Other non-current liabilities	66 199	121 446
Non-current liabilities	1 326 420	2 613 018
Deposits from bank customers	14 640 363	13 610 140
Current interest-bearing borrowings	349 881	909 037
Financial Services funding instruments	738 953	191 187
Other liabilities	1 300 360	1 831 320
Non-current liabilities associated with assets held for sale	2 395 511	1 223 109
Total equity and liabilities	34 948 970	36 179 167
* Restated in accordance with provisional accounting related to the fair value on prior year acquisition and prior period error for ships held for sale, disclosed under inventory which has been reclassified to ships, property, terminals, machinery, vehicles and equipment in terms of IAS 16 Property, plant and equipment.		
Net worth per ordinary share – at book value (cents)	1 790	2 007
Net debt:equity ratio	0.00:1	0.02:1
Capital expenditure	389 472	676 627

	31 December 2017 R000	31 December 2017 US\$000	31 December 2016 R000	31 December 2016 US\$000
Capital commitments	29 000	19 000	154 315	17 582
Authorised by directors and contracted for	29 000	19 000	131 278	–
Due within one year	29 000	19 000	131 278	–
Due thereafter	–	–	–	–
Authorised by directors not yet contracted for	–	–	23 037	17 582

The summarised consolidated financial statements have been included in this integrated annual report. The full set of consolidated annual financial statements is available on www.grindrod.com



Summarised consolidated income statement

for the year ended 31 December 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 *Re-presented R000
Continuing operations		
Revenue	3 059 422	3 287 820
Earnings before interest, taxation, depreciation and amortisation	621 981	687 849
Depreciation and amortisation	(195 844)	(231 135)
Operating profit before interest and taxation	426 137	456 714
Non-trading items	129 272	(59 672)
Interest received	264 575	283 035
Interest paid	(97 850)	(133 580)
Profit before share of joint venture and associate companies' profit	722 134	546 497
Share of joint venture companies' profit/(loss) after taxation	111 475	(159 058)
Share of associate companies' profit after taxation	60 481	20 604
Profit before taxation	894 090	408 043
Taxation	(172 937)	(195 345)
Profit for the year from continuing operations	721 153	212 698
Discontinued operations		
Loss after tax from discontinued operations	(1 229 023)	(2 052 203)
Loss for the year	(507 870)	(1 839 505)
Attributable to:		
Ordinary shareholders	(582 695)	(1 907 695)
From continuing operations	646 275	144 401
From discontinued operations	(1 228 970)	(2 052 096)
Preference shareholders	67 645	67 970
Owners of the parent	(515 050)	(1 839 725)
Non-controlling interest	7 180	220
From continuing operations	7 233	327
From discontinued operations	(53)	(107)
	(507 870)	(1 839 505)

* Re-presented for discontinued operations as detailed in the basis of preparation.

Earnings per share information

for the year ended 31 December 2017

		Audited 31 December 2017 R000	Audited 31 December 2016 *Re-presented R000
Reconciliation of headline earnings from continuing operations			
Profit attributable to ordinary shareholders		646 275	144 401
<i>Adjusted for:</i>		(75 474)	64 378
Impairment of goodwill		–	7 632
Impairment of other investments		126 479	155 932
Impairment of intangibles, vehicles and equipment		8 503	2 946
Net (profit)/loss on disposal of investments		(1 226)	18 425
Net profit on disposal of plant and equipment		(17 372)	(5 002)
Foreign currency translation reserve release		(245 656)	(120 261)
Joint ventures and associates:			
Net profit on disposal of investments		–	(216)
Net loss/(profit) on disposal of plant and equipment		121	(72)
Impairment of ships, intangibles, vehicles and equipment		16 735	15 896
Impairment /(reversal of impairment) of other investments		31 748	(12 175)
Total non-controlling interest effects of adjustments		–	(2 962)
Total taxation effects of adjustments		5 194	4 235
Headline earnings from continuing operations		570 801	208 779
Ordinary share performance			
Number of shares in issue less treasury shares	(000s)	751 640	750 548
Weighted average number of shares (basic)	(000s)	751 164	750 539
Diluted weighted average number of shares	(000s)	755 810	753 712
Basic earnings/(loss) per share:	(cents)		
From continuing operations		86.0	19.2
From discontinued operations		(163.6)	(273.4)
Total		(77.6)	(254.2)
Diluted earnings/(loss) per share:	(cents)		
From continuing operations		85.5	19.2
From discontinued operations**		(163.6)	(273.4)
Total		(78.1)	(254.2)
Headline earnings per share from continuing operations	(cents)		
Basic		76.0	27.8
Diluted		75.5	27.7
Dividends per share	(cents)	–	–
Dividend cover (headline)	(times)	–	–

* Re-presented for discontinued operations as detailed in the basis of preparation.

** Diluted loss per share from discontinued operations was calculated on weighted average number of shares due to the anti-dilutive effect of the long-term incentive scheme shares.

Summarised consolidated statement of other comprehensive income

for the year ended 31 December 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Loss for the year	(507 870)	(1 839 505)
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(799 595)	(1 387 904)
Net movement in cash flow hedges	760	54 636
Business combinations	1 946	3 469
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses)	7 102	(2 184)
Fair value loss arising on available-for-sale instruments	(1 901)	(2 420)
Total comprehensive loss for the year	(1 299 558)	(3 173 908)
Total comprehensive loss attributable to:		
Owners of the parent	(1 304 522)	(3 182 753)
Non-controlling interest	4 964	8 845
	(1 299 558)	(3 173 908)

Summarised consolidated statement of cash flows

for the year ended 31 December 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Operating profit before working capital changes	461 652	425 960
Working capital changes	97 566	65 749
Cash generated from operations	559 218	491 709
Net interest received	38 335	16 888
Net dividends received	55 570	29 451
Taxation paid	(169 616)	(110 343)
	483 507	427 705
Net (advances to)/deposits from customers and other short-term negotiables	(227 051)	1 956 186
Deposits – Retail Banking	120 876	2 288 800
Other	(347 927)	(332 614)
Net cash flows generated from operating activities before ship sales and purchases	256 456	2 383 891
Proceeds on disposal of ships	238 097	180 843
Capital expenditure on ships	(69 753)	(368 145)
Net cash flows generated from operating activities	424 800	2 196 589
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	(368 457)	(339 257)
Net proceeds from disposal of property, terminals, vehicles, equipment and investments	169 900	266 482
Net receipt from finance lease receivables	–	11 160
Intangible assets acquired	(4 110)	(25 253)
Proceeds from disposal of intangible assets	7 948	602
Funds advanced to joint ventures and associate companies	(22 144)	(644 288)
Acquisition of preference share investment	–	(5 367)
Acquisition of additional investments in subsidiaries, joint ventures and associates	(82 448)	(44 240)
Net cash flows utilised in investing activities	(299 311)	(780 161)
Acquisition of treasury shares	(1 386)	(8 671)
Proceeds from disposal of treasury shares	–	914
Long-term interest-bearing debt raised	1 277 549	821 780
Payment of capital portion of long-term interest-bearing debt	(1 030 371)	(952 600)
Short-term interest-bearing debt repaid	–	(132 726)
Net cash flows raised from/(utilised in) financing activities	245 792	(271 303)
Net increase in cash and cash equivalents	371 281	1 145 125
Cash and cash equivalents at beginning of the year	9 294 457	8 340 917
Difference arising on translation	(107 356)	(191 585)
Cash and cash equivalents at end of the year	9 558 382	9 294 457

Summarised consolidated statement of changes in equity

for the year ended 31 December 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Share capital and share premium	5 992 754	5 971 719
Balance at beginning of the year	5 971 719	5 970 727
Share options vested	22 421	6 892
Treasury shares acquired	(1 386)	(8 671)
Treasury shares sold	–	2 771
Preference share capital	2	2
Balance at beginning of the year	2	2
Equity compensation reserve	58 364	68 513
Balance at beginning of the year	68 513	63 643
Share-based payments	12 272	11 762
Share options vested	(22 421)	(6 892)
Foreign currency translation reserve	3 505 281	4 546 313
Balance at beginning of the year	4 546 313	6 063 103
Foreign currency translation realised	(243 653)	(120 261)
Foreign currency translation adjustments	(797 379)	(1 396 529)
Other non-distributable statutory reserves	(43 566)	(51 592)
Balance at beginning of the year	(51 592)	(126 302)
Financial instrument hedge settlement	3 005	53 873
Foreign currency translation adjustments	2 035	6 006
Fair value adjustment on hedging reserve	(202)	4 641
Deferred tax effect on cash flow hedge	(2 132)	(6 415)
Net business combination acquisition	5 320	16 605
Accumulated profit	4 639 988	5 217 482
Balance at beginning of the year	5 217 482	7 174 992
Fair value gain arising on available-for-sale financial instruments	(1 901)	(2 420)
Actuarial gains/(losses) recognised	7 102	(2 184)
Loss for the year	(515 050)	(1 839 725)
Ordinary dividends paid	–	(45 211)
Preference dividends paid	(67 645)	(67 970)
Total interest of shareholders of the company	14 152 823	15 752 437
Equity attributable to non-controlling interests of the company	44 659	48 919
Balance at beginning of the year	48 919	(6 274)
Foreign currency translation adjustments	(2 216)	8 625
Non-controlling interest disposed	244	49 860
Profit for the year	7 180	220
Dividends paid	(9 468)	(3 512)
Total equity attributable to shareholders of the company	14 197 482	15 801 356

Segmental analysis for continuing operations

for the year ended 31 December 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 **Re-presented R000
Revenue		
Port and Terminals	874 607	768 671
Logistics	2 336 408	2 540 740
Financial Services	467 039	492 216
Marine Fuel and Agricultural Logistics	17 585 797	14 806 358
Group	12 045	52 074
	21 275 896	18 660 059
<i>Segmental adjustments*</i>	(18 216 474)	(15 372 239)
	3 059 422	3 287 820
Earnings/(loss) before interest, taxation, depreciation and amortisation		
Port and Terminals	309 247	168 909
Logistics	339 738	331 525
Financial Services	362 952	337 720
Marine Fuel and Agricultural Logistics	65 061	(176 812)
Group	(123 392)	(2 449)
	953 606	658 893
<i>Segmental adjustments*</i>	(331 625)	28 956
	621 981	687 849
Operating profit/(loss) before interest and taxation		
Port and Terminals	204 313	49 981
Logistics	165 275	143 070
Financial Services	357 707	331 819
Marine Fuel and Agricultural Logistics	50 740	(196 724)
Group	(124 525)	(4 070)
	653 510	324 076
<i>Segmental adjustments*</i>	(227 373)	132 638
	426 137	456 714
Share of associate companies' profit/(loss) after taxation		
Port and Terminals	54 077	71 526
Logistics	(10 130)	(18 899)
Marine Fuel and Agricultural Logistics	55 093	6 988
	99 040	59 615
<i>Segmental adjustments*</i>	(38 559)	(39 011)
	60 481	20 604
Profit/(loss) attributable to ordinary shareholders (continuing operations)		
Port and Terminals	182 137	225 231
Logistics	221 809	(91 288)
Financial Services	188 958	171 006
Marine Fuel and Agricultural Logistics	57 777	(189 835)
Group	23 032	110 770
	673 713	225 884
<i>Segmental adjustments*</i>	(27 438)	(81 483)
	646 275	144 401

* Joint venture earnings are reviewed together with subsidiaries by the key decision-makers. Segmental adjustments relate to joint ventures and are necessary to reconcile to IFRS presentation.

** Re-presented for discontinued operations as detailed in the basis of preparation.

Income statement – discontinued operations

for the year ended 31 December 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 *Re-presented R000
Revenue	5 432 486	5 743 891
Loss before interest, taxation, depreciation and amortisation	(606 721)	(218 527)
Shipping	25 309	(157 581)
Rail	(632 030)	(60 946)
Depreciation and amortisation	(218 564)	(352 926)
Shipping	204 450	(320 754)
Rail	(14 114)	(32 172)
Operating loss before interest and taxation	(825 285)	(571 453)
Non-trading items	(587 770)	(708 884)
Gain/(loss) on re-measurement of fair value less costs to sell	483 180	(650 686)
Interest received	71 646	70 127
Interest paid	(117 382)	(128 918)
Loss before share of joint venture and associate companies' loss	(975 611)	(1 989 814)
Share of joint venture companies' loss after taxation	(162 356)	(65 816)
Loss before taxation	(1 137 967)	(2 055 630)
Taxation (expense)/credit	(91 056)	3 247
Loss for the year	(1 229 023)	(2 052 203)
Attributable to:		
Owners of the parent	(1 228 970)	(2 052 096)
Non-controlling interests	(53)	(107)
	(1 229 023)	(2 052 203)

* Re-presented for discontinued operations as detailed in the basis of preparation.

Summarised consolidated notes

for the year ended 31 December 2017

BUSINESS COMBINATIONS

for the year ended 31 December 2017

Acquisition of subsidiary

During the year the group acquired the following interest:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2017	Purchase consideration R'000
New Limpopo Bridge Projects Ltd	Rail operations	50%	1 May 2017	33 400
Total purchase consideration				33 400

Reason for acquisition

The reason for the acquisition was to increase the group's shareholding in the North South corridor.

Impact of acquisition on the results of the group

From the date of acquisition, the acquired business contributed additional losses of R4.9 million.

Net assets acquired in the transaction and goodwill/intangible assets arising are as follows:

	Acquirees' carrying amount before combination at fair value R'000
Net assets acquired	
Investment in joint venture	33 400
Total purchasing consideration	33 400
Cash acquired	–
Net assets acquired	33 400
The above transaction has the following impact on the summarised consolidated income statement:	139 965
Impairment of investment	(123 275)
Foreign currency translation reserve release	263 240

RELATED PARTY TRANSACTIONS

for the year ended 31 December 2017

During each year, the group, in the ordinary course of business, enters into various transactions with related parties. Parties are considered to be 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 occurred under terms that are no more or less favourable than those arranged with third parties.

Below is a list of significant related party transactions and balances for each year:

	Nature of relationship	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Goods and services sold to			
Vitol Shipping Singapore Pte Ltd	Joint venture	111 163	331 705
Goods and services purchased from			
Cockett Marine Oil Pte Ltd	Joint venture	(702 945)	(584 201)
Amounts due from related party			
Terminal De Carvo da Matola Ltda	Joint venture	313 132	354 677
Cockett Marine Oil Pte Ltd	Joint venture	420 203	655 174
GPR Leasing Africa	Joint venture	146 896	178 053
Newshelf 1279 (Pty) Ltd	Influence holder of the group	548 954	492 855
IVS Bulk Pte Ltd	Joint venture	283 632	279 098

LEASES AND SHIP CHARTERS
for the year ended 31 December 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Operating leases and ship charters		
Continuing operations		
Income*	116 234	117 118
Expenditure	(1 183 952)	(1 295 481)
Discontinued operations		
Income*	1 205 939	1 251 519
Expenditure	(1 918 015)	(2 825 594)

* Relates only to future committed income under non-cancellable operating leases and will not include revenue earned through the spot market.

FOREIGN CURRENCY DENOMINATED ITEMS
as at 31 December 2017

Exchange rates (ZAR/US\$)		
Opening exchange rate	13.69	15.60
Closing exchange rate	12.39	13.69
Average exchange rate	13.36	14.73

Summarised consolidated notes (continued)

for the year ended 31 December 2017

FAIR VALUE OF FINANCIAL INSTRUMENTS

as at 31 December 2017

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:

Level 1 Quoted prices (unadjusted) 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:

- market-related interest rate yield curves to discount expected future cash flows; and/or
- 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.

The fair value measurement for income approach valuation is based on significant 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 micro-economic environment.

	Audited 31 December 2017 R000 Level 1	Audited 31 December 2017 R000 Level 2	Audited 31 December 2017 R000 Level 3	Audited 31 December 2017 R000 Total
Financial assets				
Derivative financial assets	–	1 617	–	1 617
Financial assets designated at fair value through profit or loss	–	811 417	1 426 302	2 237 719
Total	–	813 034	1 426 302	2 239 336
Financial liabilities				
Derivative financial instruments	–	(20 744)	–	(20 744)
Other liabilities*	–	(92 132)	–	(92 132)
Total	–	(112 876)	–	(112 876)

* Other liabilities include provisions for post-retirement medical aid and cash settled share based payment scheme.

	Audited 31 December 2016 R000 Level 1	Audited 31 December 2016 R000 Level 2	Audited 31 December 2016 R000 Level 3	Audited 31 December 2016 R000 Total
Financial assets				
Derivative financial assets	–	3 255	–	3 255
Financial assets designated at fair value through profit or loss	–	753 752	1 084 948	1 838 700
Total	–	757 007	1 084 948	1 841 955
Financial liabilities				
Derivative financial instruments	–	(26 365)	–	(26 365)
Other liabilities*	–	(100 200)	–	(100 200)
Total	–	(126 565)	–	(126 565)

* Other liabilities include provisions for post-retirement medical aid and cash settled share based payment scheme.

Fair value gains recognised in the summarised consolidated income statement and summarised consolidated statement of other comprehensive income for Level 3 financial instruments were R125.6 million (2016: R39.3 million).

Reconciliation of Level 3 fair value measurements of financial assets

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Opening balance	1 084 948	888 133
Additions	236 750	158 499
Disposals	(21 018)	(993)
Losses recognised – in summarised consolidated statements of other comprehensive income	(1 221)	(3 770)
Gains recognised – in summarised consolidated income statement	126 843	43 079
Closing balance	1 426 302	1 084 948

CONTINGENT ASSETS/LIABILITIES as at 31 December 2017

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R4 739.8 million (December 2016: R4 833.3 million) of which R1 731.7 million (December 2016: R1 841.6 million) had been utilised at the end of the year.

Grindrod placed R190.6 million (December 2016: R190.6 million) on deposit as security with the funders of the BEE consortium and provided a guarantee of R130.0 million to secure the structure. Grindrod continues to have the ability, but no obligation, to increase its funding with the structure should the current lenders wish to exit.

Within discontinued operations, the company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R404.7 million (December 2016: R196.8 million) of which R404.4 million (December 2016: R191.3 million) had been utilised at the end of the year.

Within discontinued operations, the company guaranteed charter-hire payments of subsidiaries amounting to R403.5 million (December 2016: R665.8 million). The charter-hire payments are due by the subsidiaries in varying amounts from 2018 to 2022.

Due to significant restructuring, sale and disposal processes over the last few years, there are legal and compliance risks, which may result in potential exposures.

Shareholders' information

Share analysis of ordinary shareholders	139
Share analysis of cumulative, non-redeemable, non-participating, non-convertible preference shares	140
Notice of the annual general meeting	141
Form of proxy	146
Notes to the form of proxy	147
List of abbreviations	148
Terms and expressions	150
Company information	153

Share analysis of ordinary shareholders

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	6 581	70.73	10 497 251	1.38
5 001 to 10 000 shares	1 156	12.42	8 453 415	1.11
10 001 to 50 000 shares	1 116	11.99	23 482 192	3.08
50 001 to 100 000 shares	164	1.76	11 614 214	1.52
100 001 shares and over	288	3.10	708 506 242	92.91
	9 305	100.00	762 553 314	100.00
Non-public shareholders	37	0.40	260 831 945	34.21
Directors of the company	8	0.09	536 015	0.07
Treasury stock	27	0.29	10 203 061	1.34
Strategic holdings	2	0.02	250 092 869	32.80
Public shareholders	9 268	99.60	501 721 369	65.79
	9 305	100.00	762 553 314	100.00
Investor profile				
Banks and brokers	97	1.04	79 656 450	10.45
Close corporations	116	1.25	2 389 539	0.31
Empowerment	1	0.01	64 000 000	8.39
Endowment funds	36	0.39	998 273	0.13
Individuals	7 331	78.79	51 194 954	6.71
Insurance companies	29	0.31	14 418 917	1.89
Investment companies	3	0.03	178 226	0.02
Medical schemes	13	0.14	508 181	0.07
Mutual funds	140	1.50	140 093 616	18.37
Other corporations	54	0.58	261 391	0.03
Own holdings	27	0.29	10 203 061	1.34
Private companies	218	2.34	86 123 749	11.30
Public companies	10	0.11	5 075 162	0.67
Retirement funds	106	1.14	113 578 232	14.90
Strategic investor	1	0.01	173 183 235	22.71
Trusts	1 123	12.07	20 690 328	2.71
	9 305	100.00	762 553 314	100.00
Geographical breakdown				
South Africa	9 089	97.68	663 354 460	86.99
United States of America and Canada	35	0.38	49 946 486	6.55
United Kingdom	62	0.67	27 248 529	3.57
Rest of Europe	24	0.26	12 228 749	1.60
Rest of the World	95	1.02	9 775 090	1.28
	9 305	100.00	762 553 314	100.00
Beneficial shareholders holding 5% or more				
Remgro			173 183 235	22.71
Grindrod Investments Proprietary Limited (Grindrod family)			76 909 634	10.08
Government Employees Pension Fund			75 447 442	9.50
Newshelf 1279 (RF) Proprietary Limited			64 000 000	8.39
PSG Konsult			51 795 817	6.15
			441 336 128	56.83
Top 10 Fund Managers				
Public Investment Corporation			59 534 306	7.81
PSG Asset Management			55 867 970	7.33
Investec Asset Management			41 196 444	5.40
Sanlam Investment Management			25 078 884	3.29
Dimensional Fund Advisors			23 344 347	3.06
Steyn Capital Management			17 908 464	2.35
First State Investments			15 513 118	2.03
Vanguard			14 747 912	1.93
BlackRock			6 979 449	0.92
Oasis Asset Management			6 043 130	0.79
			266 214 024	34.91



Share analysis of cumulative, non-redeemable, non-participating, non-convertible preference shares

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	1 662	84.54	2 170 002	29.32
5 001 to 10 000 shares	153	7.78	1 120 853	15.15
10 001 to 50 000 shares	133	6.77	2 417 007	32.66
50 001 to 100 000 shares	12	0.61	845 931	11.43
100 001 shares and over	6	0.31	846 207	11.44
	1 966	100.00	7 400 000	100.00
Non-public shareholders	1	0.05	1 609	0.02
Public shareholders	1 965	99.95	7 398 391	99.98
	1 966	100.00	7 400 000	100.00
Investor profile				
Banks and brokers	9	0.46	145 288	1.96
Close corporations	20	1.02	81 560	1.10
Endowment funds	14	0.71	99 309	1.34
Individuals	1 441	73.30	3 890 683	52.58
Insurance companies	7	0.36	147 421	1.99
Investment company	1	0.05	1 633	0.02
Medical schemes	31	1.58	960 637	12.98
Mutual funds	4	0.20	5 846	0.08
Nominees and trusts	7	0.36	39 613	0.54
Other corporations	79	4.02	676 781	9.15
Private companies	2	0.10	178 436	2.41
Public companies	8	0.41	43 306	0.59
Retirement funds	343	17.45	1 129 487	15.26
Trusts	9	0.46	145 288	1.96
	1 966	100.00	7 400 000	100.00
Geographical breakdown				
South Africa	1 947	99.03	7 360 111	99.46
United States of America and Canada	2	0.10	3 150	0.04
United Kingdom	3	0.15	23 627	0.32
Rest of Europe	7	0.36	7 805	0.11
Rest of the World	7	0.36	5 307	0.07
	1 966	100.00	7 400 000	100.00

Notice of the annual general meeting

Notice is hereby given that the fifty-first annual general meeting of Grindrod Limited (the company) will be held in the boardroom, 8th Floor, Grindrod House, 108 Margaret Mncadi Avenue, Durban on Thursday, 31 May 2018 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, the ordinary and special resolutions as set out below.

The minutes of the meeting held on 24 May 2017 are available for inspection at the registered office of the company until 16:00 on 29 May 2018.

1. Presentation of annual financial statements and reports

- 1.1 To present the audited annual financial statements for the financial year ended 31 December 2017, together with the reports of the audit committee, the directors and the auditors.

The summarised consolidated financial statements for 2017 are set out on pages 126 to 137 of the integrated annual report. A copy of the full audited consolidated financial statements is available on the company's website at www.grindrod.com.

- 1.2 To present the report of the social and ethics committee, set out on pages 98 and 99 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 memorandum of incorporation (MOI) and being eligible, offer themselves for re-election:

- 2.1.1 G Kotze
- 2.1.2 ZN Malinga
- 2.1.3 RSM Ndlovu

The nomination committee of the company 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 pages 84 to 88 of the integrated annual report.

2.2 Ordinary resolution 2.2: Election of member and appointment of chairman of the audit committee

To vote on the election of GG Gelink, an independent non-executive director of the company, 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 the company.

A brief CV of the director is provided on page 85 of the integrated annual report.

2.3 Ordinary resolution 2.3: Election of members of the audit committee

To vote on the re-election in terms of section 94 of the Act, each by way of a separate vote, the following independent non-executive directors of the company, as members of the audit committee to hold office until the end of the next annual general meeting of the company:

- 2.3.1 WD Geach
- 2.3.2 RSM Ndlovu

Brief CVs of the audit committee members are provided on pages 85 and 86 of the integrated annual report.

2.4 Ordinary resolution 2.4: Re-appointment of independent auditors and re-appointment of designated audit partner

To vote, each by way of a separate vote, on:

- 2.4.1 The re-appointment of Deloitte & Touche as independent auditors of the company, to hold office until the next annual general meeting.
- 2.4.2 The re-appointment of K Peddie as designated audit partner, to hold office until the next annual general meeting.



Notice of the annual general meeting continued

2. Ordinary resolutions (continued)

2.4 Ordinary resolution 2.4: Re-appointment of independent auditors and re-appointment of designated audit partner (continued)

The audit committee nominated Deloitte & Touche to be independent auditors of the company and K Peddie to be designated audit partner and accordingly recommends that Deloitte & Touche and K Peddie be appointed as independent auditors and designated audit partner, respectively.

2.5 Ordinary resolution 2.5: 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 the company 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 the company up to a maximum of ten percent of the number of ordinary shares in issue on the date of passing this resolution.

Explanatory Note

The reason for proposing ordinary resolution number 2.5 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 the company, up to ten percent of the number of ordinary shares of the company in issue at the date of passing this resolution, in order to enable the company to take advantage of business opportunities which might arise in the future.

In order for ordinary resolution number 2.5 above to be approved, it must be supported by more than fifty percent of the voting rights exercised.

2.6 Ordinary resolution 2.6 of 75 percent: General authority to issue shares for cash

That, as an ordinary resolution, and subject to ordinary resolution number 2.5 above being passed, the directors of the company 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 the company, which they shall have been authorised to allot and issue in terms of ordinary resolution number 2.5 above, subject to the following conditions:

- This authority is valid until the company's next annual general meeting, provided that it will not extend beyond fifteen 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, unless the JSE otherwise agrees;
- The number of shares issued for cash will not in aggregate exceed ten percent of the company's listed ordinary shares (excluding treasury shares) as at the date of the notice of AGM, such number being 751 934 919 ordinary shares in the company's issued share capital;
- 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 on 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 ten percent of the weighted average traded price on the JSE of those shares over the thirty business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities; and
- An announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the thirty business days prior to the date the company agrees to issue the shares and the impact on net asset value, net tangible asset value, earnings and (if applicable) diluted earnings and headline earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, five percent or more of the number of shares in issue prior to such issue.

Explanatory Note

The reason for proposing ordinary resolution number 2.6 is that the directors consider it advantageous to have the authority to issue ordinary shares for cash in order to enable the company 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 2.6 to be approved, it must be supported by more than seventy-five percent of the voting rights exercised.

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 the company, members and chairmen of board committees for the year 1 July 2018 to 30 June 2019, as set out below, be approved.

	Member/Directors/Chairman	Present	Proposed
Board of directors	Chairman	R902 000	R956 000
	Lead independent director	R580 000	R700 000
	Non-executive director	R290 000	R350 000
Audit committee	Chairman	R232 500	R246 000
	Member	R129 000	R136 000
Investment committee	Chairman	Nil	Nil
	Standing member	R86 000	R91 000
	Ad-hoc member (per meeting)	R21 500	R22 000
Nomination committee	Chairman	R129 000	R136 000
	Member	R71 000	R75 000
Remuneration committee	Chairman	R129 000	R136 000
	Member	R71 000	R75 000
Risk committee	Chairman	R155 000	R164 000
	Member	R86 000	R91 160
Social and ethics committee	Chairman	R108 500	R115 500
	Member	R65 500	R69 000

The remuneration committee evaluated the fees for non-executive directors of the company, and members and chairmen of board committees. Factors such as the increased responsibilities of non-executive directors as a result of more stringent legal and corporate governance requirements, benchmarking against industry peers and market trends were taken into consideration when the remuneration committee recommended the above fees to the board. 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 the company be and are hereby authorised, to the extent required by the Act, and subject to compliance with the requirements of the company'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 the company 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 the company 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 the company.

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 the company be and are hereby authorised, subject to the provisions of section 45 of the Act, compliance with the requirements of the company'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 the company 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 the company may determine from time to time.

3.4 Special resolution 3.4: Repurchase of the company's ordinary shares

That, as a general approval, the directors of the company be and they are hereby authorised, subject to the provisions of section 48, read with section 46 of the Act and of the JSE Listings Requirements, to approve the purchase by the company of its own ordinary shares, and the purchase of ordinary shares in the company 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:

- 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 the company and the counterparty;
- this general authority shall only be valid until the earlier of the company's next annual general meeting or the expiry of a period of fifteen months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be ten percent 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;

Notice of the annual general meeting continued

3. Special resolutions (continued)

3.4 Special resolution 3.4: Repurchase of the company's ordinary shares (continued)

- (iv) the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed twenty percent of the company's issued ordinary share capital;
- (v) the company 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 the company 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) the company 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 disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- (vii) an announcement, containing full details of acquisitions in accordance with section 5.79 of the JSE Listings Requirements, will be published once the company has cumulatively repurchased three percent of the number of the ordinary shares in issue at the time this general authority is granted (initial number), and for each three percent in aggregate of the initial number acquired thereafter; and
- (viii) at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf.

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 twelve months thereafter:

- (i) the company and the group will be able to pay their debts as they become due in the ordinary course of business for the period of twelve months after the date of notice of the annual general meeting;
- (ii) the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards (IFRS), will be in excess of the consolidated liabilities of the company and the group for the period of twelve months after the date of notice of the annual general meeting;
- (iii) the issued share capital and reserves of the company and the group will be adequate for the purpose of the ordinary business of the company and the group for the period of twelve months after the date of notice of the annual general meeting; and
- (iv) the working capital available to the company and the group will be adequate for the purposes of the business of the company and the group for the period of twelve months after the date of notice of the annual general meeting.

Disclosure

The directors of the company has no specific intention at present for the company or its subsidiaries to repurchase any of the shares of the company 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 the company and its shareholders.

The directors, whose names are set out on pages 84 to 88 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 139 of the integrated annual report;
- Directors' interests in shares – page 105 of the integrated annual report;
- Share capital of the company – page 131 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 the company and its subsidiaries since 31 December 2017 and the issuing of this notice to shareholders (see page 123 of this report).

4. Non-binding advisory vote

4.1 Confirmation of the group remuneration policy

That, as a non-binding advisory vote, the company's remuneration policy as set out in the remuneration report on page 107 of the integrated annual report be and is hereby confirmed.

In terms of the King Report on Governance for South Africa, 2016 (King IV), an advisory vote should be put to the shareholders relating to the group remuneration policy. The vote allows the shareholders to express their views on the remuneration policy adopted and implemented, but is not binding on the company.

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, 6 April 2018.

The record date for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the annual general meeting is Friday, 25 May 2018. Accordingly, the last date to trade in order to be eligible to attend and vote at the annual general meeting is Tuesday, 22 May 2018. It is recommended that Forms of proxy for the annual general meeting are to be lodged with the Transfer Secretaries, Link Market Services (South Africa) (Pty) Ltd, 13th Floor, Rennie House, 19 Amershoff Street, Braamfontein, email meetfax@linkmarketservices.co.za or facsimile 086 674 2450 by no later than 14:00 on Tuesday, 29 May 2018.

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 Thursday, 31 May 2018, 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.

Voting and proxies

The minimum percentage of voting rights that is required for the adoption of each ordinary resolution is more than fifty percent of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting, except for ordinary resolution 2.6, which requires seventy-five percent.

The minimum percentage of voting rights that is required for the adoption of each special resolution is at least seventy-five percent of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting.

A member entitled to attend 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 member of the company. 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 attend the annual general meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation to attend the annual general meeting in person or proxy and vote. If they do not wish to attend the annual general meeting in person 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 the company, Link Market Services South Africa (Proprietary) Limited, not less than forty-eight hours before the time set for the meeting. Completion of a form of proxy will not preclude a member from attending the meeting.

Electronic participation by shareholders

In terms of section 61(10) of the Companies Act every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Grindrod shareholders wishing to participate electronically in the annual general meeting are required to deliver written notice to the company at Grindrod Mews, 2nd Floor, 106 Margaret Mncadi Avenue, Durban, 4001 (marked for the attention of Mrs Cl Lewis) by no later than 16:00 on 30 May 2018 that they wish to participate via electronic communication at the annual general meeting (the "electronic notice"). In order for the electronic notice to be valid it must contain: (a) if the shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the annual general meeting via electronic communication; and (c) a valid email address and/or facsimile number (the "contact address/number"). By no later than twenty-four hours before the time for the annual general meeting the company shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid electronic notice of the relevant details through which the shareholder can participate via electronic communication.

In terms of section 63(1) of the Act, meeting participants need to provide satisfactory identification.

By order of the board



Grindrod Limited

Mrs Cl Lewis

Group company secretary
Durban

10 April 2018



Grindrod Limited

(Incorporated in the Republic of South Africa)

Registration number 1966/009846/06

Share code: GND and GNDP

ISIN: ZAE000072328 and ZAE000071106

(the company)

For use in respect of the fifty-first annual general meeting of the company 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 attend the annual general meeting and request their CSDP to issue them with the necessary letter of representation. If they do not wish to attend the annual general meeting in person, 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 the company

do hereby appoint

1. of or failing him/her,

2. of or failing him/her,

the chairman of the meeting as my/our proxy to attend, speak and vote on my/our behalf at the annual general meeting of the company to be held on Thursday, 31 May 2018 at 14:00 in the boardroom, 8th Floor, Grindrod House, 108 Margaret Mncadi Avenue, Durban, South Africa and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such 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. G Kotze			
2.1.2. ZN Malinga			
2.1.3. RSM Ndlovu			
Ordinary resolution no. 2.2 : Election of member and appointment of chairman of the audit committee – GG Gelink			
Ordinary resolution no. 2.3 : Election of members of the audit committee			
2.3.1. WD Geach			
2.3.2. RSM Ndlovu			
Ordinary resolution no. 2.4 : Re-appointment of independent auditors and re-appointment of designated audit partner			
2.4.1. Re-appointment of Deloitte & Touche as independent auditors			
2.4.2. Re-appointment of K Peddie as designated audit partner			
Ordinary resolution no. 2.5 : General authority to directors to allot and issue ordinary shares			
Ordinary resolution no. 2.6 of 75 percent: General authority to issue 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 the company's ordinary shares			
Non-binding advisory vote 4.1 : Confirmation of the group remuneration policy			

Date:

Signature:

Please read the notes and instructions overleaf.

Notes to the form of proxy

1. A member entitled to attend 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 member of the company.
2. In accordance with the company'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 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 a company; unless that person's power of attorney or authority is deposited at the offices of the company's share transfer secretaries not less than forty-eight hours before the meeting together with the form of proxy.
5. The completion and lodging of this form of proxy will not preclude the member who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
6. Completed forms of proxy should be lodged at or posted to the company's share transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), South Africa, so as to reach them not later than forty-eight hours before the time set for the holding of the meeting.

List of abbreviations

Abbreviation	Definition
AGM	Annual General Meeting
ATM	Automated Teller Machine
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
Board	Grindrod board of directors
CO ₂	Carbon dioxide
CO ₂ -e	Carbon dioxide equivalent
CDP	Carbon Disclosure Project
CEO	Chief executive officer
CFO	Chief financial officer
CFM	Ports and Railway Company of Mozambique
Company	Grindrod Limited
CoBIT	Control Objectives for Information and Related Technology
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
DWT	Deadweight Tonne
EBITDA	Earnings Before Interests, Tax, Depreciation and Amortisation
EE	Employment Equity
ESG	Environmental, Social and Governance
ETF	Exchange Traded Fund
EV/EBITDA	Enterprise Value/EBITDA
FSB	Financial Services Board
FTE	Full Time Equivalent
FTSE	Financial Times Stock Exchange
GBP	British Pound
GFS	GFS Holdings Proprietary Limited
GHG	Greenhouse Gas
GML	Grindrod Mozambique Limitada
GRI	Global Reporting Initiative
Grindrod	Grindrod Limited
Group	Grindrod, its subsidiaries, associates and joint ventures
HDSA	Historically Disadvantaged South African
HEPS	Headline Earnings Per Share
HIV	Human immunodeficiency virus

Abbreviation	Definition
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMO	International Maritime Organisation
IRBA	Independent Regulatory Board for Auditors
IRR	Internal Rate of Return
<IR>	Integrated Reporting
ISO	International Standards Organisation
IT	Information Technology
IVS	Island View Shipping
JSE	Johannesburg Securities Exchange Limited
KING IV	The King IV Report on Corporate Governance for South Africa, 2016
km	Kilometre
KPI	Key Performance Indicator
kWh	Kilowatt hour
l	Litre/s
LTIFR	Lost-time Injury Frequency Rate
m	Metre
m ²	Square metre
m ³	Cubic metre
MARPOL	International Convention for the Prevention of Pollution from Ships
MCTL	Grindrod Maputo car terminal
ML	Megalitre
MOI	Memorandum of Incorporation
MPA	Maritime and Port Authority of Singapore
MPDC	Maputo Port Development Company
MR	Medium-range
mt	Million tons
mtpa	Million tons per annum
MW	Megawatt
MWh	Megawatt-hours
N/A	Not Applicable
NAMPORT	Namibian Ports Authority
NERSA	National Energy Regulator of South Africa

Abbreviation	Definition
NGO	Non-Governmental Organisation
NLPI	NLPI Limited
NM	Nautical Mile
NO _x	Nitrous Oxide
OACL	Ocean Africa Container Lines
OHSAS	Occupational Health and Safety Advisory Services
OTGC	Oiltanking Grindrod Calulo
POPI	Protection Of Personal Information
PMBOK	Project Management Body of Knowledge
PMO	Project Management Office
PRINCE II	Projects In Controlled Environments II
RBTG	RBT Grindrod
SAICA	South African Institute of Chartered Accountants
SAMTRA	South African Maritime Training Academy
SAPREF	SA Petroleum Refineries
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
SDGs	Sustainable Development Goals
SENS	Stock Exchange News Service
SGD	Singapore Dollar

Abbreviation	Definition
SGM	Sturrock Grindrod Maritime
SHERQ	Safety, Health, Environment, Risk and Quality
SO _x	Sulphur Oxide
SMME	Small, Medium and Micro-sized Enterprises
TASK	Tuned Assessment of Skills and Knowledge
TCM	Terminal de Carvão da Matola
TCOE	Total Cost of Employment
TEU	Twenty Foot Equivalent Unit
TFCFD	Task Force on Climate-related Financial Disclosures
The Companies Act	The Companies Act, No 71 of 2008 (South Africa)
TNPA	Transnet National Ports Authority
TRACE	TRACE International, Inc.
UK	United Kingdom
UN	United Nations
UNICORN	Unicorn Shipping
US\$	United States Dollar
WACC	Weighted Average Cost of Capital
WBBT	Walvis Bay Bulk Terminal
WWF	World Wildlife Fund
ZAR	South African Rand

Terms and expressions

Backhaul

Routes which are against the standard flow of traffic, i.e. loading in a port situated in what is usually a discharge area and discharging in a port situated in what is usually a loading area.

Ballast

The period of time during which a ship performs a voyage without cargo on board.

Baltic capesize index (BCI)

The BCI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 172 000 dwt vessel and maximum 10 years of age. The index is also published on the basis of a time charter return and is used to determine the value of the trading routes and settlement prices for forward freight agreements (FFAs).

Baltic dry index (BDI)

The BDI is published every London working day by the Baltic Exchange, which collates information for handysize, supramax, panamax and capesize vessels to create this lead freight market indicator.

Baltic handysize index (BHSI)

The BHSI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 28 000 dwt vessel with 30 MT cranes and maximum 15 years of age. The index is also published on the basis of a time charter return and is used to determine the value of the trading routes and settlement prices for FFAs.

Baltic panamax index (BPI)

The BPI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 74 000 dwt vessel and maximum seven years of age. This index is also published on the basis of a time charter return and is used to determine the value of trading routes and settlement prices for FFAs.

Baltic supramax index (BSI)

The BSI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard Tess 52 type vessel. This vessel is 52 454 dwt, with 4 × 30 MT cranes and grabs and maximum 10 years of age. This index is also published on the basis of a time charter return and is used to determine the value of trading routes and settlement prices for FFAs.

Bareboat charter

Charter for an agreed period of time during which the shipowner provides only the ship, while the charterer provides the crew, together with all stores and bunkers and pays all vessel operating costs.

Barging

Transfer of cargo between a ship and the shore using a barge.

Beam

The greatest width of a vessel.

Breakbulk

Dry, loose cargo.

Bulk carrier

Ship designed to carry dry, loose cargoes in bulk.

Bunker(s)

Fuel, consisting of fuel oil and diesel, burned in the vessel's engines.

Bunker tanker

A small tanker used to refuel ships with bunkers.

Capesize bulk carrier

Dry-bulk carrier with a capacity of about 130 000 to 200 000 dwt which, due to its size, must transit when loaded the Atlantic to the Pacific via Cape Horn or the Cape of Good Hope and is typically used for long voyages in the coal and iron ore trades.

Charter hire

The revenue earned by a vessel pursuant to a bareboat charter or a time charter (see Freight for voyage charter revenue).

Charterer

A person, firm or company hiring a vessel for the carriage of goods or other purposes.

Charter party

Document containing all the terms and conditions of the contract between the owner of a vessel and a charterer for the use of a vessel, signed by both parties or their agents, for the hire of a ship or the space in a ship.

Chemical tanker

A tanker, usually not larger than 40 000 dwt, designed to carry numerous bulk liquid chemical products, often in stainless steel tanks, in isolated compartments (also termed "parcels").

Commercial management

Management of those aspects of ship owning and operation that relate to obtaining economic value from the vessel, which includes ship financing, sale and purchase, chartering or vessel, employment, voyage execution, insurance and claims handling, accounting and corporate administration.

Container ship

Ship designed to carry containerised cargo.

Contract of affreightment (COA)

Similar to a voyage charter, but covers two or more shipments over an agreed period of time (this could be over a number of months or years) and no particular vessel is specified.

Deadweight tonne (DWT)

Deadweight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tonnes) the ship can carry, including cargo, bunkers, water, stores, spares, crew, etc. at a specified draft.

Demurrage

An agreed amount payable to the shipowner by the charterer when the agreed time allowed for loading or unloading cargo has been exceeded through no fault of the owner.

Double hull

A ship which has an inner and an outer hull. The distance between these two can be up to two metres. Such construction increases the safety during a possible grounding or collision and in this way leakage may be avoided.

Draft

Vertical distance between the waterline and the bottom of the vessel's keel (i.e. the depth of the ship in the water).

Drydocking

The removal of a vessel from the water for inspection, maintenance and/or repair of parts that are normally submerged.

Flag state

The country where the vessel is registered.

Forward freight agreement (FFA)

A derivative instrument that is a means of hedging exposure to freight market risk through the purchase or sale of specified time charter rates for forward positions. Settlement is in cash, against a daily market index published by the Baltic Exchange.

Freight

The revenue earned by a vessel pursuant to a voyage charter or a contract of affreightment.

Front haul

Routes which follow the typical flow of the transportation of cargoes from the main loading areas to the main discharging areas.

Handysize bulk carrier

Dry-bulk carrier of about 10 000 to 40 000 dwt which is commonly equipped with cargo gear such as cranes. This type of vessel carries principally minor bulk cargoes and limited quantities of major bulk cargoes. It is well suited for transporting cargoes to ports that may have draft restrictions or are not equipped with gear for loading or discharging cargoes.

Handymax bulk carrier

Dry-bulk carriers of about 40 000 to 50 000 dwt which is commonly equipped with cargo gear such as cranes. This type of vessel carries a wide variety of cargoes including major bulk and minor bulk cargoes.

IMO

International Maritime Organisation, the international United Nations advisory body on transport by sea.

ISM Code

The international management code for the safe operation of ships and for pollution prevention, adopted by the International Maritime Organisation.

Joint services agreement/pool

An organised group of shipowners and/or charterers where there is a pooling of resources for the purpose of the flexible and commercial operation of ships. A pool manager is responsible for the commercial operation of the joint service.

Liner shipping operations

Operators who trade ships according to a schedule between specified ports.

Locomotive

Self-propelled engine used for hauling a train.

Major bulk

Dry-bulk cargoes such as iron ore, coal and grain.

MARPOL

The international convention governing marine pollution prevention. It is part of the IMO.

Minor bulk

Dry-bulk cargoes such as forest products, iron and steel products, fertilisers, agricultural products, minerals and petcoke, bauxite and alumina, cement, other construction materials and salt.

Newbuilding

A vessel under construction or on order.

Off-hire

Period during which a vessel is temporarily unable to operate under the terms of its charter, resulting in loss of income under the charter.

Operator

A person/company who trades in ships and cargo.

P&I

Protection and indemnity insurance coverage taken by a shipowner or charterer against third party liabilities such as oil pollution, cargo damage, crew injury or loss of life, etc.

Terms and expressions continued

Panamax bulk carrier

Dry-bulk carrier of about 60 000 to 80 000 dwt with beam not exceeding 32,2 metres which permits it to transit, when fully loaded, through the Panama Canal. Panamax vessels are primarily used to transport major bulks, although they can be used to transport certain minor bulks such as fertilisers, ores, petcoke and salt.

Period market

The time charter market where a ship (or space on a ship) is chartered for a period of time (see Time Charter).

Petrochemicals

Chemicals containing carbon, often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal.

Products tanker

A tanker designed to carry refined petroleum products in bulk, on occasion in multiple tanks.

Spot market

The market for immediate chartering of a vessel, usually for a single cargo or short-term trading.

Spot rate

Freight rate for a voyage agreed on the basis of current market level.

Supramax bulk carrier

Dry-bulk carrier within the handymax sector of about 50 000 dwt to 63 000 dwt, which is usually grab fitted and carries a wide variety of cargoes including major bulk and minor bulk cargoes.

Take-or-pay agreement

A contractual agreement in which one party agrees to utilise specific capacity of another party's total available capacity or to pay the equivalent cost even if the contacted capacity is not utilised.

Technical management

Management of those aspects of ship owning and operation that relate to the physical operation of a vessel, including the provision of crew, routine maintenance, repairs, dry-docking, supplies of stores and spares, compliance with all applicable international regulations, safety and quality management, environment protection, newbuilding plan approval and newbuilding supervision and related technical and financial reporting.

Time charter

Charter for an agreed period of time where the shipowner is paid on a per-day basis and is responsible for operating the vessel and paying the vessel operating costs while the charterer is responsible for paying the voyage costs and bears the risk of filling the vessel with cargo and any delays at port or during the voyage, except where caused by a defect of the ship.

Time charter equivalent or TCE

Freight and charter-hire less voyage costs incurred expressed as a daily rate over the duration of the voyage.

Tonnage

A generic term referring to any kind of ocean-going cargo vessel or vessels.

Twenty-foot equivalent unit or TEU

The standard length of a container and the measurement used to determine the container carrying capacity of a container ship.

Vessel operating costs

These consist of crew expenses, insurance, spare parts, stores and lubricating oils, vessel repairs and surveys, commissions and other miscellaneous running costs.

Voyage charter

Charter under which a shipowner is paid freight on the basis of transporting cargo from a load port to a discharge port and is responsible for paying both vessel operating costs and voyage costs.

Voyage costs

Bunker costs, port charges and canal dues (or tolls) incurred during the course of a voyage.

Company information

Grindrod Limited

Registration number 1966/009846/06
Share code: GND & GNDP
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

Telephone +27 31 304 1451
Facsimile +27 31 305 2848

Website details

www.grindrod.com

E-mail address

grindrod@grindrod.com

Group company secretary

Mrs Cl Lewis
Telephone +27 31 365 9116

Grindrod ethics officer

Mrs Cl Lewis
Telephone +27 31 365 9116

Tip-offs Anonymous

FreePost KZN138, Umhlanga Rocks, 4320

Telephone – Freecall:
SA and Namibia 0800 213 118
Maputo 800 359 359 (Mozambique)
Singapore 1800 530 5541

Email: grindrodethics@tip-offs.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

Telephone +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, Durban

Telephone +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

Telephone +27 86 154 6572
Facsimile +27 86 674 4381

Sponsor

Grindrod Bank Limited
Fourth Floor, Grindrod Tower
8A Protea Place
Sandton, 2196

PO Box 78011
Sandton, 2146

Telephone +27 11 459 1860
Facsimile +27 11 459 1872

Integrated annual report

Mrs Cl Lewis
cathie.lewis@grindrod.com
www.grindrod.com

www.grindrod.com