



GRINDROD 2020 **INTEGRATED ANNUAL REPORT**  
ENVIRONMENTAL SUPPLEMENT

PORT  
TERMINALS  
LOGISTICS  
BANK

[www.grindrod.com](http://www.grindrod.com)



# GRINDROD'S COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

Grindrod is striving towards environmental sustainability. We appreciate that environmental sustainability is connected to long term financial profitability and is guided by international best practice as well as applicable legislation.

We subscribe to a sustainable future where all people can live well within the planet's finite resources, taking our guidance from the Sustainable Development Goals. We play our part through collaboration and partnership with our stakeholders to contribute towards an inclusive economy, a just society and a regenerative environment.

The Grindrod 2025 Climate Change and Environmental Policy provides guidance on governance, strategy and risk management considering global change factors, based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).





The social and ethics and risk committees are essential components in the governance structure of the company, in terms of identifying and acting on risks and opportunities related to climate change.

## GOVERNANCE

**The Board is ultimately responsible for the governance of our environmental performance and is assisted in this function by the Social and Ethics and the Risk committees, respectively.**

The Social and Ethics committee is responsible, *inter alia*, for overseeing the sustainable development performance of the company. This includes monitoring and managing our impact on the natural environment within the broader context of global and national trends such as climate change and water security. The Risk committee is responsible for overseeing the enterprise risk management of the company, which includes risk and opportunity governance and the compilation of risk registers and risk heat maps.

The divisional executive and Safety, Health, Environment, Risk and Quality (SHERQ) committees report to the Social and Ethics committees of Grindrod Limited and Grindrod Bank respectively on the environmental performance of Grindrod's operations which includes scope 1 to 3 GHG emissions, water, and waste.



# STRATEGY

Grindrod’s business strategy is to return Freight Services and Bank to their core focus areas and to energise their strategies to grow off this core base to achieve our vision of creating sustainable returns and long-term value for our stakeholders.

We appreciate that we need to consider, as part of our strategy, the global economic context which is influenced by several environmental and social sustainability issues, the impacts of which are highly uncertain. The strategy is underpinned by a dynamic Grindrod-developed Global Change Sensitivity Model which is based on international frameworks and best practice. The model comprises four global change categories – global influences, market changes, social challenges and increasing resource scarcity – defining macro-trends which may impact Grindrod’s business environment in different levels of likelihood.

GLOBAL CHANGE CATEGORIES AND RELATED SUB-CATEGORIES ARE SET OUT IN THE TABLE BELOW

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

These global change drivers are mapped against the Grindrod strategy in each business. This creates risk and opportunity heat maps which the businesses use to stress-test their respective strategies, ensure the global risks are mitigated as far as possible and global opportunities identified and incorporated into these strategies.

Within this context, our short-term profitability, and long-term sustainability, are highly dependent on our ability to continuously adapt to our operating environment and to minimise any negative impacts our operations may have on the environment. Our challenge is to successfully balance the trade-offs between the economic, social, and environmental aspects of our business. In this regard we are guided by our Sustainability Pillars and our 2025 Climate Change and Environmental Policy.



## CLIMATE SCENARIO ANALYSIS INFORMING STRATEGY

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of June 2017, Grindrod conducted a climate change risk and vulnerability scenario analysis during 2018.

This analysis considered Grindrod's supply chain, core operations and the market in which the company operates. This has helped Grindrod to understand its potential risks and opportunities in the coal, vehicle and agricultural sectors and our financial exposure to coal.

During 2019, a review was conducted to formulate a growth strategy which commenced with assessing markets, customers and capabilities against existing infrastructure and service offerings. The focus was driving a corridor approach, securing contracted volumes, building corridor solutions and extending supply chains within the Port, Terminals and Logistics businesses. The Bank continued strengthening its traditional banking service offering, growing the SME and property markets and developing fintech solutions. This strategy remains firmly in place and relevant.

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### THE 2021 GROWTH STRATEGY FOCUSES ON THE FOLLOWING KEY AREAS

- Asset capacity utilisation, incremental volumes and cargo diversification, including diversification away from coal
- Expansion of our current footprint, capacity and container transit volumes
- Leverage of our Nacala hub to expand service offering of road-linked distribution of maize and fertiliser to East Africa, reefer services and the chartering of landing crafts
- Expansion of rail corridors
- Platform banking model at Bank



## RISK MANAGEMENT

**Risk management, as a sub-set of governance, allows Grindrod to identify potential risks and leveraging opportunities in achieving its vision and growth strategy.**

The risk management framework is reviewed annually and provides for enhanced oversight by assigning specific risks with accompanying responsibilities to the relevant Board committees, executive management, and management functions.

In line with the Grindrod Global Change Sensitivity Model, three global pervasive risks that could have a significant impact on Grindrod and its operations have been identified.

**01** The COVID-19 pandemic has emerged as one of the most significant global systemic risks, impacting the economic, social, geopolitical and environmental domains in an integrated and interconnected manner, unforeseen by many.

**02** A breakdown in the social compact between government, business, labour and civil society is becoming more evident with societal fragmentation brought to the fore during the COVID-19 pandemic. Rising unemployment, widening digital divides, increasing inequality, and youth disillusionment, amplified by the impact of climate change, are becoming a stark reality for many people.

Material risks to the industries in which Grindrod operates are identified with due consideration of the key global, national and regional risks relevant to our operations, consulting selected external sources including the World Economic Forum's Global Risk Report, IRMSA Perspective, IoDSA Sentiment Index, Allianz's Risk Barometer, KPMG Transportation and Logistics Risks Report and Marsh Top Global Maritime Risks.

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### RISKS RELEVANT TO THE ENVIRONMENTAL DOMAIN INCLUDE

- Commodity demand, price volatility and customer concentration
- Energy and water cost fluctuation
- Climate change and extreme weather
- Social unrest and inequality
- Governance, legislation and regulations
- Global regulatory compliance

**03** Climate change is the most significant systemic risk faced by humanity, impacting all spheres of life through several acute and chronic physical risks, such as extreme weather events, storms, floods, droughts, wildfires, an increase in extremely uncomfortable days, and transitional risks in relation to policy, technology, market and reputation.



# METRICS AND TARGETS

Grindrod’s environmental performance in 2020 is outlined below.

## Greenhouse gas emissions

Grindrod’s total scope 1 – 3 GHG emissions for 2020 decreased by 13.9% from 181 437 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) in 2019 to 156 200 tCO<sub>2</sub>e in 2020. During 2019 the greenhouse gas emission baseline was restated for the Shipping spin-off in 2018 and other restructures.

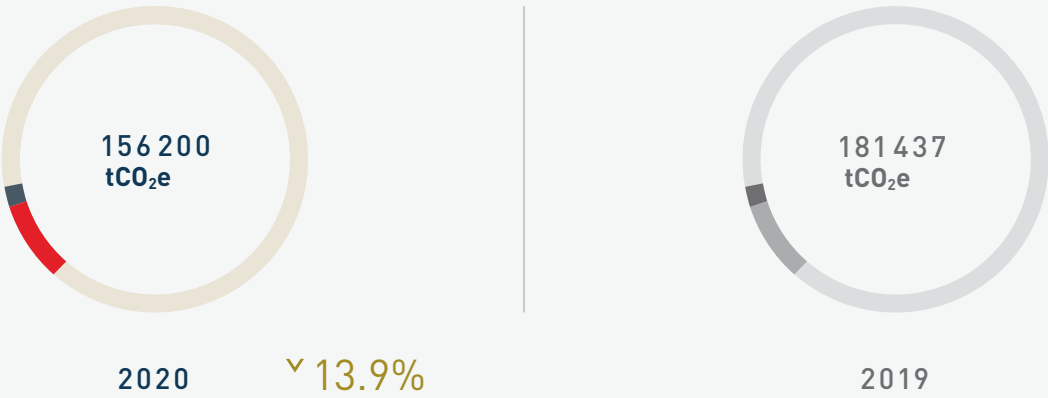


TABLE 1  
GRINDROD GROUP EMISSION BREAKDOWN OVER A FIVE-YEAR PERIOD <sup>1</sup>

		Grindrod Group Global Total Greenhouse Gas Emissions (tCO <sub>2</sub> e)				
		2020	2019	2018 *	2017 *	2016 *
Scope 1	Combustion of fuel in ships where Grindrod has operational control	48 950	52 688	49 908	49 737	102 598
	Grindrod owned and / or operated vehicles, mobile equipment, locomotives	34 192	50 260	52 818	51 654	51 723
	Combustion in stationary fuel-burning equipment (generators and boilers)	6 838	8 376	6 173	6 574	6 701
	HFC refrigerant gasses	22 859	14 480	10 115	8 834	8 206
	Other	40	28	3	1	1
Scope 1 subtotal		112 880	125 833	119 017	116 800	169 229
Scope 2 total	Purchased electricity	15 295	17 066	15 410	15 554	14 132
Scope 3 and other	Purchased goods and services	235	180	229	–	–
	Fuel and energy related activities	22 167	27 195	25 630	–	–
	Waste generated in operations	1 434	1 366	784	4 646	2 012
	Business travel	373	1 335	1 392	3 236	5 404
	Employee commuting	3 816	8 462	7 148	–	–
Scope 3 and other subtotal		28 026	38 537	35 184	7 882	7 416
TOTAL	Metric tonnes of CO <sub>2</sub> e	156 200	181 437	169 611	140 236	190 777
	GHG emissions intensity <sup>2</sup> (gCO <sub>2</sub> e per Rand revenue)	41.64	47.32	40.90	38.54	50.18

\* Value restated for Shipping spin-off in 2018 and other restructures  
<sup>1</sup> Group totals may differ from the sum of the individual division values due to the inclusion of several scope 3 categories under the group value where no divisional split was available  
<sup>2</sup> GHG emissions intensity is calculated based on scope 1, 2 and 3 emissions per R revenue as per segmental information contained in the provisional review results and dividend announcement for the year ended 31 December 2020





The steep increase in HFC refrigerant gasses and acetylene during 2020 compared to 2019 is mainly due to the increased marine technical services provided by Hesper Engineering, part of the Novagroup within the Logistics division, for two large projects requiring steelworks. The lockdown and resultant remote working resulted in a significant reduction in GHG emissions from business travel and employee commuting.

The following table provides a breakdown of greenhouse gas emissions per division for the 2020 financial year.

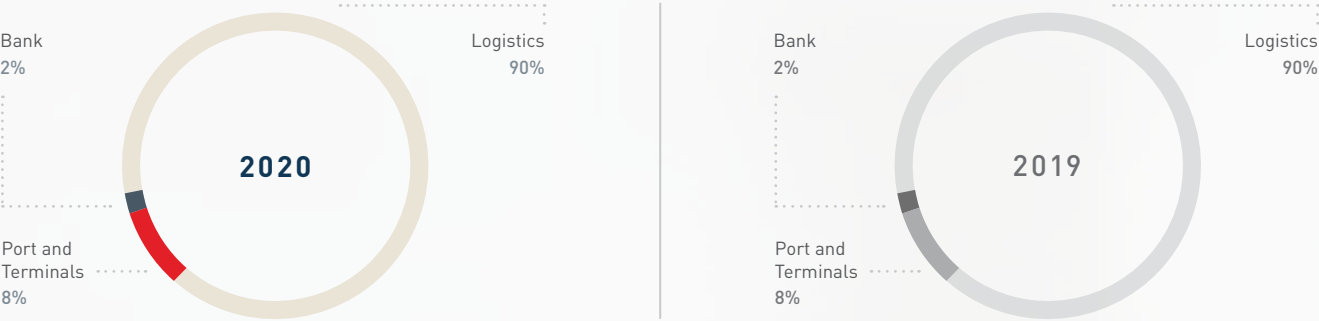
TABLE 2  
GRINDROD DIVISIONAL 2020 EMISSION BREAKDOWN

Greenhouse Gas Emissions	Grindrod Group total FY2020	Divisional Analysis		
		Port and Terminals	Logistics	Bank
Diesel combustion	40 398	2 859	37 540	–
Petrol combustion	619	33	586	–
LPG combustion	13	13	–	–
R134a	17 286	–	17 286	–
R404a	5 573	–	5 573	–
Acetylene	39	2	38	–
CO <sub>2</sub>	1	–	1	–
IFO	44 068	–	44 068	–
MDO	4 883	–	4 883	–
Scope 1 subtotal	112 880	2 906	109 973	–
Scope 2 total	15 295	6 841	6 427	2 027
Scope 3 and other	235	118	109	8
Fuel and energy related activities	22 167	1 459	20 486	223
Waste generated in operations	1 434	309	1 125	–
Business travel	373	25	294	54
Employee commuting	3 816	1 032	2 605	178
Scope 3 subtotal	28 026	2 943	24 620	463
TOTAL	156 200	12 690	141 020	2 490



The divisional split of GHG emissions for both Scope 1, 2 and 3 remained the same for the 2019 and 2020 years with Logistics comprising 90%, Port and Terminals 8% and the Bank 2% of the carbon footprint of Grindrod.

Grindrod Greenhouse Gas Divisional Analysis



The total Scope 1, 2 and 3 GHG emission carbon footprint of Grindrod of 156 200 tonnes of CO<sub>2</sub>e for 2020 constitutes a 13.9% reduction from 2019 at 181 437 tonnes of CO<sub>2</sub>e.

THE REDUCTION IS MAINLY AS A RESULT OF THE COVID-19 PANDEMIC ENFORCED LOCKDOWN WHICH RESULTED IN LOWER PRODUCTION.

## Water

Grindrod’s total water usage has increased from 112 904 kilolitres in 2019 to 146 911 kilolitres in 2020, equating to a 30.1% increase.

<b>146 911 kilolitres</b>	<b>112 904 kilolitres</b>
<b>2020</b>	<b>2019</b>

The increase was attributable to Grindrod Intermodal, including OACL, recording increased productivity on the back of the increased citrus and fruit seasons as well as the expanding on two new sites. The washing of additional reefer containers and the site expansion necessitated the increased water usage. Further, there were leakages at some Terminal and Intermodal sites, which were reported to the local authorities and have since been repaired.

Water consumption and integrated water management have been identified focus areas for the operational divisions. Water specialists have been appointed to investigate and propose fit-for purpose site-specific integrated water management solutions at the newly constructed Autoport in Camperdown, the Richards Bay Terminal sites and the Grindrod Intermodal sites, including OACL.

The second pillar to the water strategy is to develop more robust measurement and reporting mechanisms for the various water uses per operational site.



Waste

Grindrod’s total solid and liquid waste generated for 2020 increased to 15 393 tonnes from 7 332 tonnes in 2019.

TABLE 3  
GRINDROD WASTE KEY PERFORMANCE INDICATORS 2020

Key Performance Indicators

	2020	2019
Solid and liquid waste (tonnes)		
Total solid and liquid waste generated (tonnes)	15 393	7 332
Solid and liquid waste to landfill (tonnes)	1 155	1 094
Total land-based non-hazardous solid waste recycled (tonnes)	166 of 763	55 of 745

The significant increase in the solid and liquid waste generated in 2020 compared to 2019 is mainly as a result of a cleaning exercise at some of the Terminals sites in Maputo whereby stockpiled contaminated mineral sweeping materials were cleaned up and removed using waste removal services as input materials for brick manufacturing.

THE WASTE GENERATION HAS SINCE STABILISED  
COMPARABLE TO 2019 VOLUMES.

Tracking progress against Grindrod’s  
2020 Environmental Targets

Grindrod has set a Vision 2020 target in 2010. This target aimed to ensure that we continue to build on our 100-plus years of good corporate citizenship by reducing environmental risks in our sphere of business. The target aimed to reduce the Greenhouse Gas (GHG) emissions of the business by 10% over the decade up to 2020.

The five years between 2010 and 2015 saw significant restructuring of the Grindrod business to a level where the GHG intensity increased to a point where the 2010 baseline was no longer relevant.

The GHG emission baseline was restated to a new baseline in 2015 to ensure a meaningful comparison and tracking.

THE RESTATEMENT TOOK COGNISANCE OF  
THE NEW STRUCTURE OF THE BUSINESS RELATED  
TO BOTH TURNOVER AND EMISSION PROFILES.

The restated 2015 baseline is 52.46 tonnes CO<sub>2</sub>e per R million revenue. The 2020 emission intensity of the business is 41.64 tonnes CO<sub>2</sub>e per R million revenue, 12% lower than 2019 (47.32 tonnes CO<sub>2</sub>e per R million revenue) and a 20.1% reduction from 2015.



A high-speed photograph of water splashing, creating numerous droplets and bubbles against a light background.

## Focus areas and target setting for 2021 to 2025

Grindrod has identified **FIVE KEY FOCUS AREAS** which are summarised below. The targets in each of these focus areas will be determined per operational division in a structured manner, considering their divisional strategies and growth plans.

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## 01

**WATER** is a critical resource, specifically in water-scarce countries in which Grindrod operates. In this regard, Grindrod acknowledges its impact in terms of its water usage in its operations and continues to drive water efficiency.

A photograph of a dramatic sky with large, billowing white and grey clouds against a warm, orange-hued background, suggesting a sunrise or sunset.

## 02

### GREENHOUSE GAS EMISSIONS

Grindrod monitors its Scope 1 and Scope 2 emissions in an effort to minimise its greenhouse gas emissions.



## 03

### WASTE

Grindrod recognises the role of sustainable waste management in contributing towards a circular economy.



## 04

### ENERGY AND FUEL

Grindrod recognises the role that fossil fuels and the combustion of these fuels in transport and electricity generation play in terms of climate change. As such, Grindrod will set specific targets to participate in, and contribute to, the just transition to a low-carbon economy.





## 05

### RENEWABLE ENERGY

Grindrod recognises the opportunities for business efficiency in renewable energy. In this regard, Grindrod will investigate the feasibility of appropriate renewable energy options for its business and develop a timeframe for renewable energy roll-out within the company.

THE DIVISIONS ARE IN VARIOUS STAGES OF ASSESSING THEIR GHG EMISSION REDUCTION OPPORTUNITIES; INTEGRATED WATER MANAGEMENT AND WASTE MANAGEMENT STRATEGIES, AFTER WHICH THEIR DIVISIONAL CONTEXT-SPECIFIC METRICS AND TARGETS WILL BE FINALISED.



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