



GRINDROD LIMITED INTEGRATED ANNUAL REPORT

PORT
TERMINALS
LOGISTICS
BANK

www.grindrod.com

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ABOUT THIS REPORT

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

INTEGRATED REPORTING

The report, together with the audited Annual Financial Statements and other supplementary information available on the [Grindrod website](#), provides a complete and fair review of Grindrod's economic, social and environmental performance, inclusive of information on subsidiaries, joint ventures and associates, within the context of its strategy and risks and opportunities for the financial year ended 31 December 2020.

In compiling its integrated annual report and supplementary information, Grindrod has applied the principles contained in the King Report on Corporate Governance™ for South Africa, 2016 (King IV)*, the Johannesburg Stock Exchange Limited's (JSE) Listings Requirements, International Financial Reporting Standards (IFRS) and the Companies Act, No 71 of 2008 (South Africa) (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. Sustainability reporting is guided by the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards, published during 2016.

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

ASSURANCE

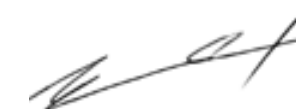
Grindrod's external auditor, Deloitte & Touche, has provided assurance on the consolidated Annual Financial Statements and expressed an unmodified audit opinion. Grindrod's internal audit function provided assurance on selected sustainability performance indicator disclosures and its limited assurance report is included on page 183. Promethium Carbon assisted Grindrod in the verification of Grindrod's carbon footprint and other sustainability data. The First Verification Network rating agency verified Grindrod's compliance with B-BBEE regulations.

REPORT APPROVAL

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

In the Board's opinion, the integrated annual report provides a fair and balanced representation of the integrated performance of Grindrod within the context of its identified material aspects. The report has been prepared in accordance with internationally recognised best practice. The Board accordingly approved the 2020 integrated annual report on 09 April 2021 for release to shareholders and other stakeholders.

The Board confirms that Grindrod is in compliance with the provisions of the Companies Act relating to its incorporation, and that it is operating in conformity with its Memorandum of Incorporation.



Mike Hankinson
Chairman



Andrew Waller
Chief Executive Officer



Fathima Ally
Chief Financial Officer

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OUR STORY

2020

Grew the business opportunity pipeline and reported resilient performance despite the challenges resulting from the outbreak of the largest global pandemic in the past 100 years, with optimum protection of employees' health and safety at all operations.

1910

Captain John Grindrod establishes a clearing and forwarding agency that would grow into a company with a **current annual turnover of R16.4 billion** (inclusive of joint ventures) and total assets of R26.1 billion (inclusive of joint ventures).

1933

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

1971

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, shipping, regional and domestic cargo between ports in Mozambique, South Africa and Namibia.

1999

Grindrod purchases dry bulk charterer Island View Shipping.

1922

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

1966

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

1986

Grindrod lists its shares on the JSE through a newly established holding company, Grindrod Unicorn Group Limited, known as Grincor. At 31 December 2020 the Company's market capitalisation was R3.53 billion.

2001

The Company changes its name to Grindrod Limited.

2003

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

2005

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

2009

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

2014

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

2018

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

2007

Grindrod invests in the Maputo Port Development Company, which in 2020 managed a total port throughput of 18.4 million tonnes from the initial 5.0 million tonnes in 2003. This established a base for further investments in dry bulk and car terminals and a container-handling facility. Today, Grindrod's terminals have an annual throughput capacity of 15.1 million tonnes dry bulk and 120 000 vehicles.

2011

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

2016

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

2020

Grindrod successfully completes the rail merger, establishes marine freight services in northern Mozambique and expands ships agency services to include engineering services.

Promoting inclusive Sub-Saharan Africa economic growth

We do this through

UNLOCKING TRADE CORRIDORS

ENABLING SUPPLY CHAINS

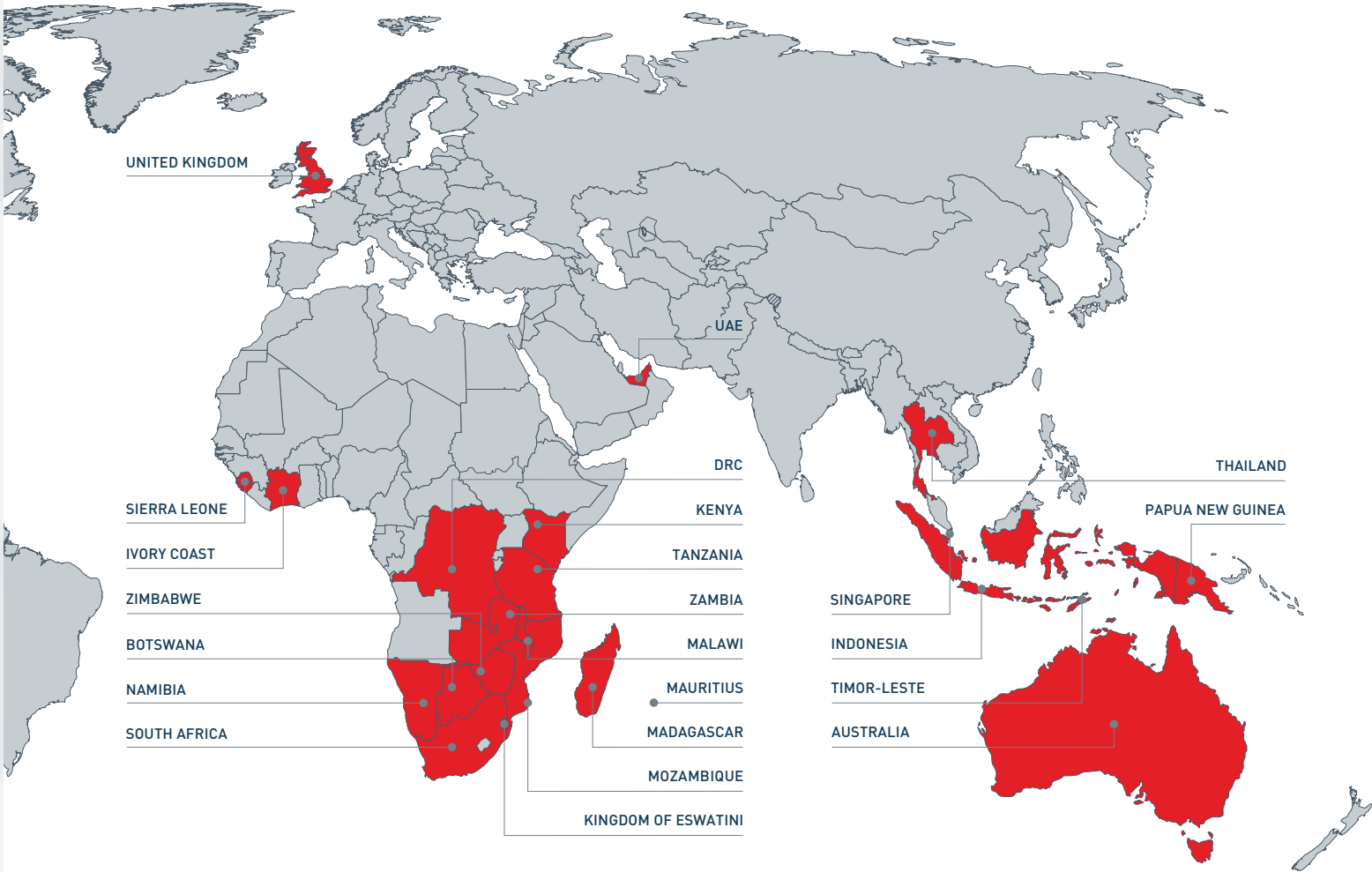
INCREASING TRADE CAPACITY

OUR GLOBAL FOOTPRINT

110
years of rich heritage

4 330
capable people delivering
a wide range of services

	Port	Terminals	Seafreight	Intermodal	Clearing and forwarding	Ships agency, maritime technical services and logistics	Rail	Auto and fuel road transportation	Bank	Other
Australia						•		•		
Botswana							•			
DRC						•				
Indonesia						•				
Ivory Coast						•				
Kenya						•				
Kingdom of Eswatini						•				
Madagascar						•				
Malawi							•			
Mauritius							•			
Mozambique	•	•	•	•	•	•	•			
Namibia		•	•		•	•	•	•		
Papua New Guinea						•				
Sierra Leone							•			
Singapore						•				
South Africa		•	•	•	•	•	•	•	•	
Tanzania						•	•			
Thailand						•				
Timor-Leste						•				
UAE						•				
United Kingdom										•
Zambia						•	•			
Zimbabwe							•			



OUR KEY TRADE CORRIDORS

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

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





Ocean Africa Container Lines | DURBAN

2020 KEY HIGHLIGHTS

KEY INDICATORS

Economic

Revenue¹

▼ **21.8%**
R16 370 million
(2019: R20 935 million)

Trading profit¹

▲ **16.2%**
R970 million
(2019: R835 million)

HEPS¹

▼ **8.7%**
25 cents headline loss
(2019: 23 cents headline loss)

Cash generated from operations

▼ **14.5%**
R871 million
(2019: R1 019 million)

Net asset value per share¹

▼ **6.2%**
1 075 cents
(2019: 1 146 cents)

Social

Number of employees²

▼ **8.8%**
4 330 employees
(2019: 4 746)

LTIFR (Port and Terminals and Logistics)

▼ **36.4%**
0.58
(2019: 0.88)

Social responsibility spend⁴

▼ **60.4%**
R1.9 million
(2019: R4.8 million)

ESD spend

▼ **14.4%**
R9.65 million
(2019: R11.27 million)

B-BBEE (Grindrod Limited)

Level 2
(2019: Level 3)

Environmental

GHG emissions (CO₂e)³

▼ **13.9%**
156 200 tonnes
(2019: 181 437 tonnes)

GHG emissions intensity (grams CO₂ per Rand value)

▼ **12.0%**
41.64
(2019: 47.32)

Electricity consumption (MWh)

▼ **7.9%**
15 412
(2019: 16 728)

Electricity efficiency (kWh/FTE)

▲ **1%**
3 690
(2019: 3 668)

Water intensity (l/R revenue)⁵

▲ **33.0%**
39.2
(2019: 29.4)

¹ Prior year restated.

² Includes joint ventures and associates at 100% shareholding.

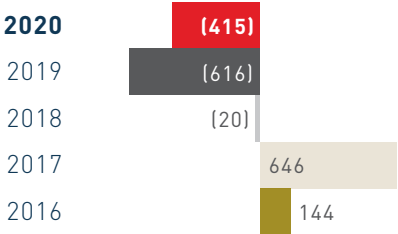
³ Total GHG emissions including scope 3 (tonnes CO₂e).

⁴ The decrease relates mainly to contributions earmarked for education infrastructure projects, which were delayed due to COVID-19 restrictions and lockdown. These projects resumed in 2021.

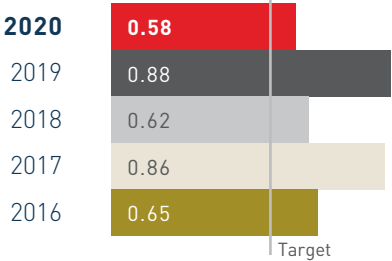
⁵ Increased water consumption due to expansion of operating sites and increased reefer activity.

2020 key highlights continued

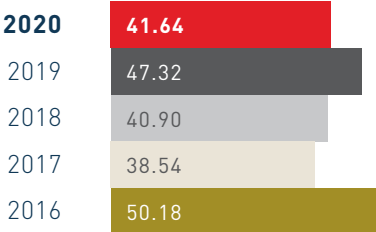
Attributable profit/(loss) – Group (Rm)



LTIFR – Port and Terminals and Logistics



Carbon intensity
(grams CO₂e per R million revenue)



Valley Terminal | RICHARDS BAY

2020 key highlights continued

DIVISIONAL REVIEW¹

Revenue²
▼ **21.8%**
R16 370 million
(2019: R20 935 million)

Port and Terminals	▼ 6.1%
R1 082 million (2019: R1 152 million)	
Logistics	▼ 1.3%
R3 232 million (2019: R3 273 million)	
Bank	^ 8.0%
R378 million (2019: R350 million)	
Marine Fuels and Agricultural Logistics	▼ 28.3%
R11 505 million (2019: R16 041 million)	
Private Equity and Property	^ 50.6%
R116 million (2019: R77 million)	
Group	^ 35.7%
R57 million (2019: R42 million)	

Trading profit/loss²
^ **16.2%**
R970 million
(2019: R835 million)

Port and Terminals	^ 0.7%
R461 million (2019: R458 million)	
Logistics	^ 6.1%
R907 million (2019: R855 million)	
Bank	▼ 59.6%
R38 million (2019: R94 million)	
Marine Fuels and Agricultural Logistics	^ 116.6%
R104 million (2019: R628 million loss)	
Private Equity and Property	▼ 959.6%
R490 million loss (2019: R57 million)	
Group	▼ 4 900.0%
R50 million loss (2019: R1 million loss)	

¹ Management figures, excluding segmental adjustments.
² Certain prior year figures have been restated for segmental changes. Includes share of joint ventures.

2020 key highlights continued

DIVISIONAL REVIEW¹

Operating profit/loss²

^ 59.1%

R237 million
(2019: R149 million)

Port and Terminals ^ 1.8%

R335 million
(2019: R329 million)

Logistics v 4.1%

R331 million
(2019: R345 million)

Bank v 71.3%

R23 million
(2019: R80 million)

Marine Fuels and ^ 115.5%

Agricultural Logistics

R98 million
(2019: R634 million loss)

Private Equity v 989.3%

and Property

R498 million loss
(2019: R56 million)

Group v 92.6%

R52 million loss
(2019: R27 million loss)

Attributable profit/loss²

^ 32.6%

R415 million loss
(2019: R616 million loss)

Port and Terminals ^ 29.1%

R226 million
(2019: R175 million)

Logistics ^ 2.2%

R137 million
(2019: R134 million)

Bank v 54.2%

R38 million
(2019: R83 million)

Marine Fuels and ^ 92.4%

Agricultural Logistics

R70 million loss
(2019: R916 million loss)

Private Equity v 4 118.8%

and Property

R675 million loss
(2019: R16 million loss)

Group ^ 6.6%

R71 million loss
(2019: R76 million loss)

¹ Management figures, excluding segmental adjustments.

² Certain prior year figures have been restated for segmental changes. Includes share of joint ventures.

MANAGEMENT REVIEW



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CHAIRMAN'S REPORT TO STAKEHOLDERS

Pleasing strides have been made in implementing the Grindrod strategy to refocus and build the two core businesses of Freight Services and Bank in what must be described as the most difficult environment in which to operate.

The Freight Services business has focused on customer solutions along the trade corridors, with significant progress being made on the rail corridors within sub-Saharan Africa and in northern Mozambique. The container and agency businesses likewise made great strides in developing their relationship with the shipping lines to the benefit of the southern African markets and products.

The Bank strategically refocused on its core, through its offerings to SME businesses and on building out its platform banking model. The comprehensive review of, and changes to, the Bank's governance structures and working committees was completed. The Bank was positioned well to provide assistance to all its clients who had difficulty trading during the year.

The Board is extremely pleased with the strategic progress in both the Freight Services and Bank businesses to re-establish the core and address growth. Under the stewardship of Xolani Mbambo, we are comfortable that Freight Services is on a strong path. Similarly, as a result of David Polkinghorne's leadership over many years, the Bank continues with exploring opportunities that align to their strategic growth plan.



Chairman **Mike Hankinson**

A significant part of implementing Grindrod's strategy and restoring shareholder value has been to find new shareholders for the businesses that are no longer core to the refocused Freight Services and Bank. All disposal processes are being driven with third party assistance and whilst some progress has been made, the Board has encouraged management to double its efforts in this area.

Andrew Waller addresses the operational achievements in his CEO report. However, as mentioned, the businesses operated in a most difficult environment and the Board has commended management on the manner in which they took decisive and proactive steps to mitigate the effects of COVID-19 on our employees and other Grindrod stakeholders since the outbreak of the pandemic. Grindrod's COVID-19 related actions are reported in Our People (P118). I want to express my deep condolences to the family and friends of the four employees who passed away in 2020 as a result of COVID-19. I am further saddened to report one fatality in the course of business – that of Mr Moses Uiseb, a valued Grindrod Stevedoring Namibia employee. My sincere condolences go to his family and friends.

The Board is satisfied that the Grindrod governance structure provides a clear framework within which to manage the business, in line with our values of transparency, respect, integrity, professionalism, fairness and accountability. These values are supported by sustainability measures to ensure the health and safety of stakeholders, to respect people and communities and to minimise the impact of our business on the environment. Detailed committee reports are included in the Integrated Annual Report.

Grindrod continues to support social investments that favour education and environmental projects, through three major beneficiaries, the Adopt-a-School Foundation, the Cyril Ramaphosa Education Trust and the Wildlands Conservation Trust Blue Fund. This corporate drive is supplemented by generous donations by staff to reach out to communities around our operations. The decrease in the social responsibility spend for 2020 relates primarily to contributions initially earmarked for education infrastructure projects which were delayed due to COVID-19 restrictions and lockdown. These projects have, however, resumed in 2021.

2021 has commenced with the same fervour that we experienced towards the end of the reporting year. Grindrod has embarked on a refreshed strategic and brand alignment process bringing renewed purpose and reinforcing our reason for being. I look forward with great positivity to the year ahead.

Once again, I thank the Grindrod team for their dedication and focus and commend the executives and management for leading by example.

Thank you to the Board members for their wisdom in delivering on their mandate. I wish Mkhusele Faku, who retired from the board in December 2020 after a valuable 10-year tenure, the very best for the future.

A handwritten signature in black ink, appearing to read 'Mike Hankinson', written over a horizontal line.

Mike Hankinson
Chairman

09 April 2021

REPORT OF THE CHIEF EXECUTIVE OFFICER

Grindrod's strategic focus is beginning to reap rewards as our businesses concentrate on their core activities, and successfully develop growth opportunities. Our core businesses recovered well in the second half to deliver a good result for the year. This was possible since many of our businesses were categorised as essential services under the COVID-19 regulations and our agility enabled us to execute contingencies. The disposal of our non-core businesses is challenging, but remains a focus area.

BUSINESS REVIEW

Port and Terminals

The Port and Terminals' earnings before interest, tax, depreciation and amortisation remained in line with that of the previous year, despite the volume decline across the businesses mainly due to the weaker rand.

Maputo Port achieved earnings growth of 18% on 2019 as it benefitted from a weaker rand against the US dollar, offsetting the impact of a 13% decline in volumes to 18.4 million tonnes. The port demonstrated resilience and achieved a commendable recovery during the last quarter of the year with improvements in daily trucking activity and railway efficiencies into Mozambique. Work continues to ensure that this performance is sustained.

Matola Terminal's improved tariffs and cost management mitigated a decline in volume. The terminal achieved a throughput of 5.5 million tonnes, with 10% higher volumes in the second half of the financial year compared to the first half.

The port continued to benefit from a range of infrastructure enhancements effected in terms of its masterplan. The most notable volume driver was the dredging project which opened the port to fully laden post-panamax vessels, supplemented by deeper port berths and quayside infrastructure to accommodate vessels up to 250m in length to capacity. Other infrastructure enhancements are on track, including a further extension of the port chrome slab to accommodate two rakes of 50 wagons each to enhance rail turnaround times.



Chief Executive Officer **Andrew Waller**

Logistics

The coastal shipping, container depots and multi-purpose terminal businesses achieved earnings growth of 15% on 2019. This was underpinned by increased shipping activities, a buoyant citrus season and strong mineral volumes. The business continues to focus on expanding its footprint in response to customer demand.

Grindrod's presence in northern Mozambique as a key logistics corridor service supplier to the liquefied natural gas (LNG) project development has yielded positive results. The service offering has been expanded to operate seven vessels, transport, shoreside equipment and stevedoring to provide effective supply chain solutions to the region. The business reported 13% earnings growth for the period. Development of the Intermodal facility at Palma is suspended following the recent insurgent activity in the region.

The clearing and forwarding business delivered healthy earnings growth of 83% thanks to extensive work on both existing and new contracts. The ships agency business improved its performance, achieving positive earnings for the period from a loss in 2019.

The profitability of Rail Logistics' declined due to force majeure calls on Mozambican and South African contracts during the period, resulting from the temporary restrictions on mine operations and the transportation of non-essential cargo, as well as reduced leasing rates and deployment. The Rail Concession business focused on cost reduction and restructuring initiatives. The focus remains on securing deployment opportunities off the low-cost asset base.

The road transportation businesses were impacted by the decline in domestic fuel consumption and new vehicle sales. Major restructuring has been implemented across the business units.

Bank

Grindrod Bank delivered a solid financial performance in a challenging market. The Bank focused on its client relationships and quality lending ensuring it retained a strong liquidity and capital position throughout the period. At year-end the advances have been appropriately assessed to ensure adequate provisioning. Advances at R8.0 billion were 8% up on 2019, whilst core deposits decreased by 8% against 2019. Grindrod Bank remains profitable, well capitalised and liquid.

Non-core businesses

Following the sale of Grindrod's shareholding in NWK and Senwes and some private equity businesses, the sale of the remaining non-core assets remains a key focus area.

Employee health and safety

The safety and health of employees, contractors and visitors remains a top priority.

Tragically, Mr Moses Uiseb, a valued employee in our Namibia business, passed away on 17 April 2020 after sustaining critical injuries when vehicles were discharged from a vessel. Our sincere condolences have been conveyed to his family, friends and colleagues.

Report of the Chief Executive Officer continued

Employee health focused on measures to protect employees and other affected stakeholders against COVID-19. The COVID-19 task team appointed early in 2020 continues to guide measures to ensure that the effects of the pandemic are mitigated effectively and efficiently. Where possible, employees work from home, with strict protocols maintained at workplaces.

To date, sadly four employees have lost their lives due to COVID-19. Our heartfelt condolences go out to their families and friends.

Safety is managed through dedicated divisional Safety, Health, Environment, Risk and Quality (SHERQ) committees, reporting to the Social and Ethics committees of Grindrod and Grindrod Bank respectively. The committee’s report is set out in the Integrated Annual Report.

Our environment

Initiatives to reduce our impact on the environment focus on energy, water and waste management. The Grindrod Vision 2025 climate-change and environmental policy, based on the methodology recommended by the Task Force on Climate-related Financial Disclosure, guides us in terms of targets and metrics.

FUTURE

Grindrod’s performance and results in one of the most disruptive years in human memory are a tribute to the focus and dedication of the employees, management and Board. You truly pushed beyond the impossible. It was a privilege to work with you during this trying year and I look forward to us achieving our business and personal targets as we execute on our strategy and restore shareholder value.



Andrew Waller
Chief Executive Officer

09 April 2021



Ocean Africa Container Lines | DURBAN

REPORT OF THE CHIEF FINANCIAL OFFICER

Grindrod's core operations delivered a resilient performance, demonstrating commendable recovery in the second half of the year following the disruption and restrictions caused by the COVID-19 pandemic during the first half. Earnings from core operations increased by 4% in 2020 and the core businesses generated cash of R871 million from operations.

Port and Terminals achieved 29% growth on 2019 as it results benefitted from a weaker Rand against the US Dollar. Matola Terminal's improved tariffs and cost management mitigated a decline in volumes. The terminal achieved 5.5 million tonnes, with 10% higher volumes in the second half of the financial year compared to the first half.

The Seafreight and Intermodal businesses achieved earnings growth of 15% on 2019.

Grindrod Bank delivered a profitable result in a challenging market and remains well capitalised and liquid.

Efforts to dispose of non-core investments in Marine Fuels, Agricultural Logistics and the Private Equity and Property portfolio investments were met with some success, and this will continue to be a focus area in 2021.

The oil and gas projects in northern Mozambique gathered momentum in 2020, however the ongoing insurgency in the region remains a risk. The impact of the recent suspension of activity in the region is mitigated by the Balama graphite operation resuming production in April 2021. Whilst the Palma intermodal facility is currently suspended, Grindrod still intends to expand its footprint in northern Mozambique in the longer term.

The commodity outlook appears optimistic for South Africa, but this remains sensitive to global influences.



Chief Financial Officer **Fathima Ally**

FINANCIAL REVIEW

Key segmental income statement metrics	2020 R'000	2019 R'000	% variance
Revenue	16 370	20 935	(22)
Core operations	4 750	4 816	(1)
Non-core operations	11 620	16 119	(28)
Trading Profit	970	835	16
Core operations	1 356	1 406	(4)
Non-core operations	(386)	(571)	32
Non-trading items	(234)	(472)	50
Net interest paid	(280)	(212)	(32)
Taxation	(221)	(109)	(>100)
Loss	(415)	(616)	33
Headline loss	(168)	(153)	(10)

The revenue decline of 22% is due mainly to the reduced trade in Marine Fuels. Revenue from core operations remained buoyant following a resilient performance by Terminals further underpinned by earnings growth in the Seafreight and Intermodal businesses. Logistics earnings were also bolstered by the expanded footprint in northern Mozambique.

Trading profit from core operations was impacted by fair value losses and expected credit losses of R222.7 million on shipping shares and increased provisioning at Grindrod Bank, resulting in a trading profit decline of 4%. The non-core operations trading profit for the year includes impairments and fair value losses on the Private Equity and Property portfolio of R247.9 million and R161.9 million impairments and fair value losses on the loans to KZN North Coast property companies. Prior year trading profit includes an expected credit loss of R492.1 million in Marine Fuels.

Non-trading items relate to the impairments of the Marine Fuels and Agricultural Logistics investments and the impairment of goodwill in the Private Equity and Property segment. The remaining non-trading items arose from impairments of property, plant and equipment which was offset by the disposal of assets, mainly trucks.

The increase in net interest paid is due to higher utilisation of short-term borrowing facilities in South Africa and increased debt in Private Equity and Property.

Current year taxation includes a R55.5 million withholding tax expense on dividends received from Mozambique. Prior year included the effects of Terminals operations in Mozambique securing a tax dispensation which resulted in a reversal of a previously accumulated deferred tax liability relating to the prior foreign exchange gains.

Headline loss was R168.1 million, down 10% on 2019.

Report of the Chief Financial Officer continued

Basic loss	(415)
Impairments of investments, goodwill and PPE	296
Net profit on disposal of PPE	(41)
Net gain on bargain purchase	(8)
Headline loss	(168)

STATEMENT OF FINANCIAL POSITION

Key segmental statement of financial position metrics*	2020 R'000	2019 R'000	% variance
Total assets (excl. advances)	16 826	22 409	(25)
Non-current assets held for sale	367	432	(15)
Loans and advances	8 933	8 431	6
Total equity	7 975	8 550	(7)
Total interest-bearing debt	5 252	5 584	(6)
Other liabilities	3 465	5 957	(42)
Deposits from customers	9 434	11 181	(16)

* Includes share of joint ventures.

Total assets declined on prior year due to the fair value losses on the Private Equity and Property portfolio, the deconsolidation of Grindrod Investment Trust and decreased trade receivables from Marine Fuels.

Non-current assets held for sale comprise the Agricultural Logistics investment which was executed at year end. Conditions precedent were fulfilled post year-end.

Equity decreased mainly because of losses incurred in the current year. The foreign currency translation reserve saw an increase of R143.5 million due to the weaker Rand against the US Dollar from R14.00/US\$ in December 2019 to R14.62/US\$ in December 2020. Ordinary shares in issue are 698 031 586 (2019: 762 553 314), following the repurchase and cancellation of shares from the B-BBEE consortium.

The Bank focused on its client relationships and quality lending during the period ensuring it retained a strong capital position and liquidity throughout the year.

At year-end, the advances have been appropriately assessed to ensure adequate provisioning. Advances at R8.0 billion were 8% up on 2019 whilst core deposits saw a decrease of 8% on 2019. Grindrod Bank remains profitable, well capitalised and liquid, and is focused on platform banking solutions and SME strategies.

CAPITAL ALLOCATION

Grindrod's capital allocation fundamentals aim to safeguard the strength of the Balance Sheet, whilst reinvesting to ensure sustainability of the business and simultaneously deliver return to shareholders.

The Group generated positive cash from operations of R871.1 million. R276.1 million was applied to investing activities and R45.4 million was used to buy-back shares.

Legal net debt, excluding Bank and IFRS 16 lease liabilities is 26% (2019: 16%). Group net debt excluding Bank and IFRS 16 lease liabilities increased from R1 380 million in 2019 to R2 076 million in 2020. The 50% increase is due to the loss of control of the Grindrod Investment Trust (now Singular Investment Trust) which externalised preference share debt of R600 million.

As the Group intends to focus on debt reduction in 2020, Group Treasury is currently undergoing an exercise to determine the optimal gearing for core businesses, excluding Bank, to maximise shareholder returns. Part of this exercise may result in restructuring of debt to better align to targeted gearing.

PROJECTS, ACQUISITIONS AND DISPOSALS

Capital commitments of R361.2 million (2019: R362.4 million) were approved as of 31 December 2020, relating predominantly to the acquisition of existing property leases, the development of the Palma Intermodal depot and the expansion of the Richard Bay facilities. 54% of current year capital expenditure of R404 million (2019: 74% of R456 million) was expansionary and the balance relates to maintenance or replacement capital expenditure.

Annually, Grindrod sets weighted average cost of capital (WACC) and project hurdle rates to ensure that all projects are assessed in detail and a robust process for the allocation of capital is adhered to. All projects are deemed to be high risk, unless substantiated otherwise for factors such as guaranteed contractual off-take, solid counter-party or low country risk, amongst others.

The project hurdle rates, using project internal rate of return (IRR) have remained largely unchanged from the prior year and are set out in the table below:

	High risk %	Medium risk %	Low risk %
Hurdle rate	18	15	13

DIVIDEND DECLARATION

Notwithstanding the strong cash generation from core businesses, the Board decided to delay the reinstatement of the dividend to focus on reducing the debt associated with the non-core businesses. This position will be reviewed in August 2021.

Total preference share dividends of R51.2 million (2019: R66.0 million) were declared to preference shareholders.



GRINDROD BANK DELIVERED A PROFITABLE
RESULT IN A CHALLENGING MARKET AND
REMAINS WELL CAPITALISED AND LIQUID.

Report of the Chief Financial Officer continued

FOREIGN CURRENCY EXPOSURES

Grindrod has US\$207.7 million (2019: US\$231.4 million) net assets based outside South Africa, with US\$ cost bases and generating US\$ revenues, thereby reducing the exposure of the Group to any one country or currency. It is worth noting that our operations in Mozambique trade in US\$ currency, mitigating exposure to Metical. Foreign exchange risks are monitored and mitigated in terms of approved policies.

INTEREST RATE EXPOSURES

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

FINANCIAL CONTROLS AND RISK MANAGEMENT

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

Internal control systems are designed to provide reasonable assurance against material losses and the misstatement of financial results and are intended to manage all significant risks. Safeguarding and preventing the misuse of assets are other important aspects 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 2020, internal financial control frameworks were tested by the internal audit division at several locations. Areas of non-compliance or deficiency 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. In line with the requirements of JSE listing rule 3.84(k), the deficiencies and remediation plans were also shared with 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 2019. Refer to note 1 of the Annual Financial Statements available on [Grindrod's website](#) for further detail on new standards and interpretations not yet adopted. Key accounting estimates and judgements are disclosed in note 40 of the Annual Financial Statements.

The full set of annual financial statements and notes is available on the [Grindrod website](#).

The audit opinion is available to view at Grindrod's registered office.

2019 RESTATEMENTS

The financial results for the prior year were restated to reflect the Marine Fuels and Agricultural Logistics segment as a continuing operation. Whilst the sale of the Agricultural Logistics investment was executed before year end, the sale process with regards to the Marine Fuels investment was delayed and is no longer highly probable in the short term. In terms of the IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, this segment therefore had to be reclassified retrospectively as a continuing operation and could no longer be reported as a discontinued operation.

Whilst classified as non-current assets held-for-sale, the Marine Fuels business was carried at fair value and no profits/(losses) were reported in equity accounted earnings. The reclassification out of non-current assets held for sale results in these profit/(losses) being reported in equity accounted earnings and accordingly 2019 was restated.

Refer to note 2 of the annual financial statements for further detail.

Furthermore, following the reclassification of Marine Fuels into continuing operations, as well as the Group's strategy to realise non-core businesses, the segments have been restated in line with how the chief operating decision maker analyses the Group as well as the requirements of IFRS 8: Operating Segments. This resulted in the Marine Fuels and Agricultural Logistics and the Private Equity and Property segments being included as non-core.

EVENTS AFTER THE REPORTING DATE

Please refer to note 38 in the consolidated Annual Financial Statements.



Fathima Ally
Chief Financial Officer

09 April 2021

BUSINESS STRUCTURE

as at 31 December 2020

PORT AND TERMINALS [p 72]

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

Terminals in Maputo, Richards Bay, Durban, Cape Town and Walvis Bay have combined throughput capacities in excess of 15.15 mtpa dry bulk, 703 572m³ liquid bulk and 120 000 vehicles a year. Stevedoring services are also provided.

LOGISTICS [p 78]

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

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

Clearing, forwarding, customs brokerage, transport and warehousing provides freight-clearing and forwarding services.

Ships agency, maritime technical services and logistics provides ships-agency and technical services, with operations in 15 countries across three continents.

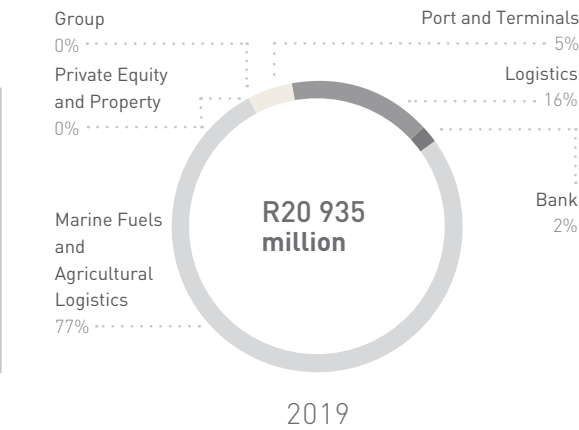
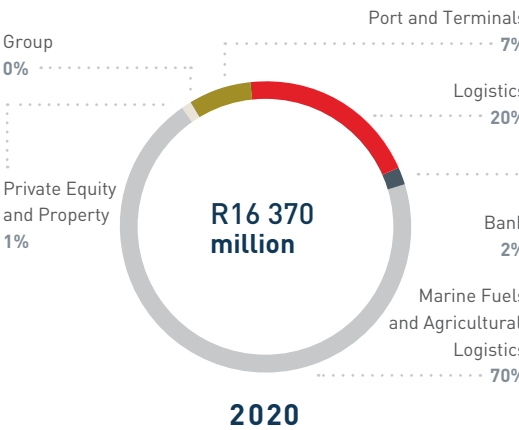
Rail services operations comprise mainline operations and locomotive and wagon leasing and maintenance. It operates in South Africa, Mozambique, Zambia and Zimbabwe.

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

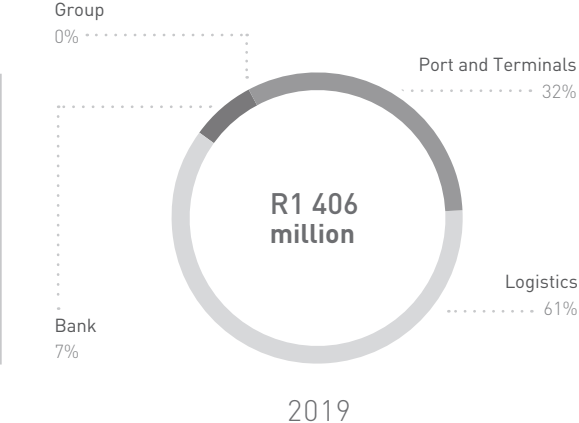
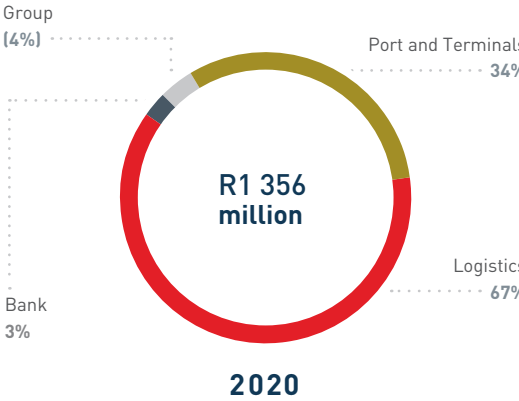
BANK [p 86]

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

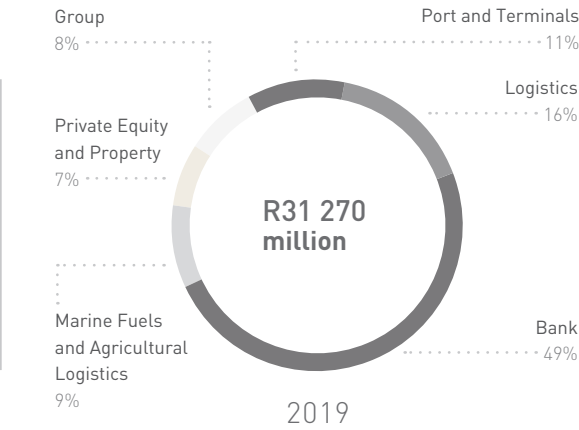
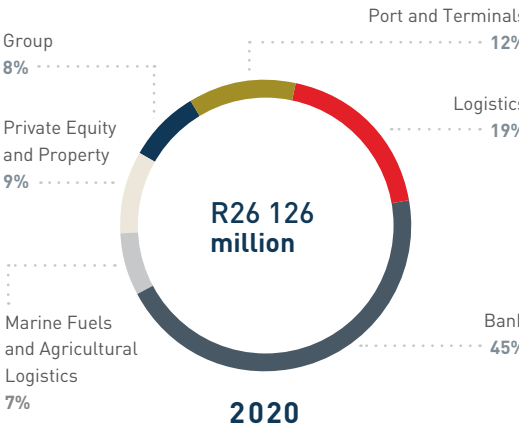
Revenue (management) by business area (%)



Trading profit/(loss) from core operations (management) by business area (%)¹



Total assets (management) by business area (%)



¹ Excludes trading profit of private equity and marine fuel and agricultural logistics businesses.

BUSINESS PROFILE

as at 31 December 2020

PORT AND TERMINALS [p 72]

PORT

Port concession
24.7% Maputo Port Development Company (MPDC)

TERMINALS

Car terminal
100% Maputo Car Terminal Limitada (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 Terminals Proprietary Limited (RBTG)(Richards Bay)
75% Walvis Bay Bulk Terminals Proprietary Limited (Namibia)

Liquid bulk terminals
30.5% Oiltanking Grindrod Calulo (OTGC)

Stevedores
100% Grindrod Stevedores (Richards Bay)
49% Grindrod Namibia Stevedoring Proprietary Limited (Namibia)

LOGISTICS [p 78]

Seafreight logistics
100% Ocean Africa Container Lines (OACL)

Intermodal
100% Grindrod Intermodal
100% Grindrod Logistics Mozambique Limitada (GLM)
74.3% Indicus Dry Terminal Limitada

Cross border and project logistics
100% Grindrod Logistics Africa

Clearing, forwarding, customs brokerage, transport and warehousing
42.5% Röhlrig-Grindrod

Ships agency, maritime technical services and logistics
100% Sturrock Grindrod Maritime (SGM)
100% Novagroup Proprietary Limited
100% Novatech Proprietary Limited

Rail services
73.9% NLPI Group
55% GPR Leasing South Africa Proprietary Limited
42.3% Railco Africa Group
42.3% Grindrod Rail Consultancy Services Proprietary Limited
100% RRL Grindrod SL1 (Sierra Leone)
100% RRL Grindrod SL2 (Sierra Leone)

Auto and fuel road transportation
100% Grindrod Automotive
100% Grindrod Fuellogic
100% Petrologistics Botswana Proprietary Limited
100% Petrologistics Namibia Proprietary Limited

Marine fuel and agricultural logistics
50% Cockett Group
20.7% Senwes Limited

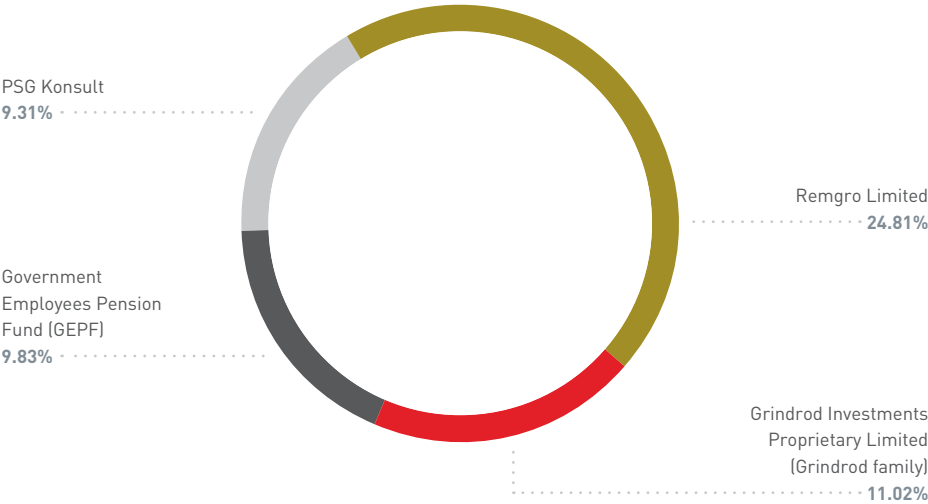
BANK [p 86]

Banking
96.8% Grindrod Bank

GROUP

Financial
100% GFS Holdings

Major shareholders (at 31 December 2020)



GRINDROD'S BUSINESS

as at 31 December 2020

6 VALUES GUIDE THE EXECUTION OF THE VISION

- 01 **Transparency** in the disclosure of information.
- 02 **Respect** for stakeholders, assets and the environment.
- 03 Operating with **integrity**.
- 04 Acting with **professionalism** in service delivery.
- 05 Treating people with **fairness**.
- 06 **Accountability** for actions.

The values and sustainability pillars guide Grindrod in formulating its **strategies**. [p 38]
These are developed with due cognisance of identified **risks and opportunities** [p 45] and focus on optimising the capitals as key inputs to its business operations.

Capital inputs – our resources and relationships

Business operations – how our business creates shared value

[p 106] **Our money**
Total equity of **R8.0 billion** (2019: R8.5 billion).
Cash generated from operations of R871 million (2019: R1 019 million).
Capital, debt and equity funding.

[p 114] **Our assets**
Port, terminals and corridor infrastructure.
Integrated logistics infrastructure.
Geographic footprint.

[p 116] **Our skills**
Respected brand and reputation.
Integrated logistics capabilities.
Systems and structures.
Innovative customer solutions.

[p 118] **Our people**
4 330 competent employees (2019: 4 746).
Specialised skills and talent.
Employee value model.

[p 124] **Our relationships**
Engagement structures.
Strategic relationships.

[p 128] **Our environment**
Natural resources.

How our business creates shared value

The group invests in and operates infrastructure and resources through its **Port and Terminals** [p 72] and **Logistics** [p 78] divisions to provide tailored freight logistics solutions across the supply chain. These solutions provide for the efficient end-to-end delivery of diversified cargo for customers along strategic trade corridors.

The group provides niche investment, loan finance and retail services through **Bank** [p 86], an authorised financial-services credit provider.

Corporate governance structures [p 140] guide the business in assessing opportunities and monitoring associated business performance to promote effective decision-making. Sound systems and structures provide for effecting transactions and **engaging with stakeholders** [p 124].

Grindrod's vision is to create sustainable returns and long-term value for its stakeholders by unlocking trade corridors.

4 SUSTAINABILITY PILLARS SUPPORT THE VALUES

- 01 The **health and safety** of employees, contractors and visitors.
- 02 Respect for **people**.
- 03 Minimising the adverse impact of business activities on the **environment**.
- 04 Respect for the rights, culture and customary livelihoods of **communities**.

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

Outputs
Outputs from providing our products and services

Value-adding customer solutions through:

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

Employee advancement through:

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

Environmental impacts:

- Emissions.
- Waste.

Outcomes
Our value-add and impact on stakeholders

Long-term shared value created through:

- Growth opportunities.
- Economic stimulation.
- Infrastructure creation – capital expenditure of **R404 million** in 2020 (2019: R456 million).
- Reduced inequality.
- Increased employment opportunities.
- Employee remuneration (including joint ventures at effective share) – **R1 481 million** paid in 2020 (2019: R1 404 million).
- Employee development – training spend of **R6.4 million** in 2020 (2019: R11.8 million).*
- Enhanced employee well-being.
- Sustainability at community level – social responsibility spend of **R1.9 million** in 2020 (2019: R4.8 million).
- Progressing customer sustainability.
- Supporting supply chain stakeholders.
- Tax and levy payments to three tiers of government.
- Environmental preservation and impact mitigation.

* Includes joint ventures at effective share.

STRATEGY REVIEW

STRATEGIC FOCUS

Grindrod set its strategy to return Freight Services and Bank to their core focus areas and to energise their strategies to grow off this core base.

Freight Services businesses have rallied together around a core purpose to “unleash trapped value across Africa for the benefit of all its people”.

Our customer solution orientation is founded on three pillars:

- Firstly, to work with customers and supply chain partners to enhance efficiencies and freight flow through unlocking trade corridors for sub-Saharan Africa in order to compete in global markets.
- Secondly, to connect and extend supply chains, expanding the networks to enhance efficiency.
- Finally, to invest and build the infrastructure required to unlock the trade corridor or extend the supply chain. Investments anchor our commitment to the customer and to the countries in sub-Saharan Africa in which we operate.

The Bank’s core purpose is to enable the growth of South Africa’s SME market through a broad offering of banking services. The Bank’s platform banking initiative seeks to further enhance the role that the Bank plays in assisting the retail sector to bring financial services to a wider cross-section of South Africa’s population.

Grindrod identified businesses that do not fit our strategic focus and are executing a process to find new owners for these businesses. Proceeds from these disposals will in the first instance be applied to the related debt.

We believe that through this strategic focus we will deliver on our vision to create sustainable returns and long-term value for our stakeholders.

GROWTH STRATEGY

The growth strategy is underpinned by a dynamic Grindrod-developed Global Change Sensitivity Model, 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 business strategies and ensure the global risks are mitigated as far as possible and global opportunities identified and incorporated into the strategies.

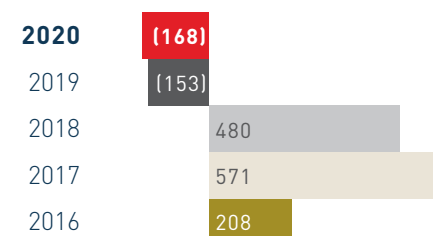
FIVE-YEAR REVIEW

		2020	2019*	2018	2017	2016
Group income statement						
Revenue	(Rm)	3 751	3 834	3 467	3 059	3 288
Trading profit before expected credit loss, interest, taxation, depreciation and amortisation	(Rm)	547	1 097	871	622	688
Expected credit loss**	(Rm)	(213)	(561)	–	–	–
Trading profit before interest, taxation, depreciation and amortisation	(Rm)	334	536	871	622	688
Depreciation and amortisation	(Rm)	(526)	(501)	(462)	(196)	(231)
Operating profit/(loss) before net interest and taxation	(Rm)	(192)	35	409	426	457
Non-trading items	(Rm)	(194)	(335)	(482)	129	(60)
Net interest received/(paid)	(Rm)	(211)	(142)	96	167	149
Profit/(loss) before associated and joint venture companies	(Rm)	(597)	(442)	23	722	546
Associated and joint venture companies	(Rm)	306	(117)	211	172	(138)
Profit/(loss) before taxation	(Rm)	(291)	(559)	234	894	408
Taxation	(Rm)	(120)	9	(180)	(173)	(195)
Profit/(loss) after taxation including associated companies	(Rm)	(411)	(550)	54	721	213
Outside shareholders' interest	(Rm)	47	–	(8)	(7)	–
Profit/(loss) for the year before preference dividends	(Rm)	(364)	(550)	46	714	213
Preference dividends	(Rm)	(51)	(66)	(66)	(68)	(69)
Profit/(loss) attributable to ordinary shareholders	(Rm)	(415)	(616)	(20)	646	144
Ordinary shareholders' interest in non-trading items	(Rm)	247	463	500	(75)	64
Headline earnings/(loss)	(Rm)	(168)	(153)	480	571	208

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for impact of equity accounted earnings of Marine Fuels.

** Expected credit loss as per the IFRS 9 standard that came into effect in 2019.

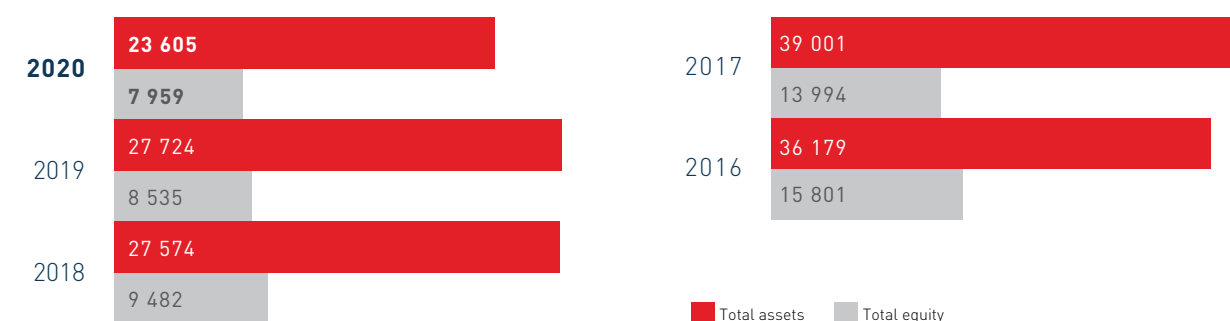
Headline earnings/(loss) (Rm)



		2020	2019*	2018	2017	2016
Group statement of financial position						
Non-current assets	(Rm)	8 777	9 666	9 241	9 093	13 477
Loans and advances to bank customers	(Rm)	8 933	8 431	7 997	7 370	5 855
Current assets	(Rm)	5 894	9 627	10 336	22 538	16 847
Total assets	(Rm)	23 605	27 724	27 574	39 001	36 179
Total equity	(Rm)	7 959	8 535	9 482	13 994	15 801
Non-current liabilities	(Rm)	1 603	2 581	2 156	1 663	2 613
Deposits from bank customers	(Rm)	9 434	11 180	10 506	14 640	13 610
Current liabilities	(Rm)	4 609	5 428	5 430	8 704	4 155
Total equity and liabilities	(Rm)	23 605	27 724	27 574	39 001	36 179
Group cash flows						
Cash (used in)/available from operations (excluding dual purpose assets)	(Rm)	(1 993)	472	(5 191)	439	2 535
Distribution/dividends received/(paid)	(Rm)	218	(134)	31	56	29
Cash (utilised in)/retained from operations	(Rm)	(1 775)	338	(5 160)	495	2 564
Net cash proceeds on disposal of property, terminals, vehicles and equipment, investments and other items	(Rm)	35	397	351	178	278
Cash available for investment	(Rm)	(1 740)	735	(4 809)	673	2 842
Cash invested	(Rm)	(311)	(305)	(789)	(525)	(782)
Net finance repaid/(raised)	(Rm)	(2 051)	430	(5 598)	148	2 060

* Restated for impact of equity accounted earnings of Marine Fuel.

Total equity and assets (Rm)



Five-year review continued

		2020	2019	2018	2017	2016
Ordinary share performance						
Number of ordinary shares in issue net of treasury shares*	(000s)	671 526	680 284	680 268	751 640	750 548
Weighted average number of ordinary shares on which earnings per share is based	(000s)	676 640	680 442	751 877	751 164	750 539
Earnings/(loss) per share – basic	(cents)	(61.4)	(90.5)	(2.7)	86.0	(254.2)
Headline earnings/(loss) per share – basic	(cents)	(24.8)	(22.5)	63.9	76.0	(61.2)
Share price – opening	(cents)	503	615	1 365	1 345	1 129
Share price – closing	(cents)	505	503	615	1 365	1 345
Share price – highest	(cents)	535	905	1 540	1 575	1 485
Share price – lowest	(cents)	281	408	562	1 025	850
Number of transactions recorded		55 750	51 595	184 496	114 897	128 454
Number of shares traded	(000)	208 369	132 139	434 695	236 901	302 823
Volume of shares traded as a percentage of total issued shares	(%)	29.9	17.3	57.0	31.1	39.7
Market capitalisation at 31 December	(Rm)	3 525	3 920	4 690	10 409	10 256
Price: earnings ratio	(times)	(8.2)	(5.6)	(228.2)	15.9	69.9
EV/Trading Profit	(times)	37.3	24.4	15.5	26.2	27.8
Dividend/distribution per share	(cents)	–	19.2	14.6	–	–
Dividend/distribution cover	(times)	–	4.7	4.0	–	–
Dividend yield	(%)	–	3.8	2.4	–	–
Trading Profit per share	(cents)	49.3	78.8	115.9	82.8	87.0
Earnings yield	(%)	(12.2)	(18.0)	(0.4)	6.3	1.4
Net worth per share at book value	(cents)	1 075	1 146	1 285	1 764	2 007
Preference share performance						
Number of preference shares in issue	(000s)	7 400	7 400	7 400	7 400	7 400
Share price – opening	(cents)	7 850	7 300	7 250	7 750	7 500
Share price – closing	(cents)	6 537	7 850	7 300	7 250	7 750
Share price – highest	(cents)	8 100	9 000	7 599	8 200	8 150
Share price – lowest	(cents)	5 520	8 200	6 499	7 135	7 150
Number of transactions recorded		1 289	1 259	2 297	2 697	2 070
Number of shares traded	(000)	1 135	1 208	1 152	1 656	1 716
Volume of shares traded as a percentage of total issued shares	(%)	15.3	16.3	15.6	22.4	23.2

* Note: Following approval for the specific repurchase of shares obtained at a General Meeting of shareholders held on 7th September 2020, the repurchase of 64 million ordinary shares representing 8.39% of issued share capital was concluded. 521 728 ordinary shares were repurchased as required under Section 164 of the Companies Act. The average price of the repurchase was R3.31 per share. For more information, please refer the relevant SENS announcements <http://grindrod.co.za/Pages/Securities-Exchange-Newsfeed>.

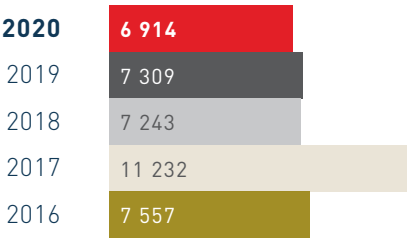
		2020	2019	2018	2017	2016
Key ratios						
Profitability						
Operating margin	(%)	(5.1)	0.9	11.8	13.9	13.9
Operating margin including joint venture entities excluding non-core operations	(%)	13.4	15.1	18.2	3.0	1.7
Return on net assets	(%)	(0.6)	(3.1)	0.9	4.0	1.2
Return on ordinary shareholders' funds – minimum	(%)	(5.5)	(7.4)	(0.2)	4.6	0.9
Effective rate of taxation excluding equity accounted earnings from joint ventures and associates	(%)	(20.1)	2.1	798.5	23.9	35.7
Leverage and liquidity						
Total liabilities to total shareholders' interests	(%)	30.1	41.6	28.9	47.4	21.7
Net interest-bearing debt/(cash) to total shareholders' interests	(%)	8.6	0.8	(4.0)	–	2.4
Net debt to trading profit	(times)	2.0	0.1	(0.4)	–	0.5
Debt: service cover ratio		0.1	0.4	0.2	0.4	0.3
Interest cover	(times)	2.6	7.7	n/a*	n/a*	n/a*
Current ratio		0.8	1.2	1.2	2.3	3.7
* Net interest received position						
Transformation						
Employment equity – HDSA	(%)	84.9	83.7	82.3	79.6	73.9
B-BBEE Contributor Level – Grindrod Limited		Level 2	Level 3	Level 2	Level 3	Level 3
Social responsibility						
Total spend on projects	(Rm)	1.9	4.8	4.5	8.8	11.9
Environment						
Energy efficiency – electricity	(kWh/FTE)	3 690	3 668	3 536	3 515	3 197
Total GHG emissions (CO ₂ e)	(tonnes)	156 200	181 437	169 611	140 236	190 777
GHG emissions intensity (CO ₂ per rand revenue)	(grams)	41.64	47.32	40.90	38.54	50.2

Five-year review continued

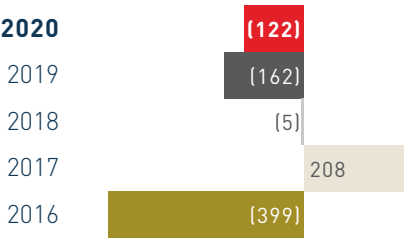
	2020	2019	2018	2017	2016
Safety and health					
Fatalities					
– Port and Terminals and Logistics	1	1	1	2	-
– Bank	-	-	-	-	-
Lost-time incidents					
– Port and Terminals and Logistics	26	44	28	39	42
– Bank	-	-	-	-	-
LTIFR					
– Port and Terminals and Logistics	0.58	0.88	0.62	0.86	0.65
– Bank	-	-	-	-	-
Human capital					
Number of employees at year-end	4 330	4 746	4 728	5 232	5 881
– subsidiaries	2 519	2 842	2 815	3 472	4 090
– joint ventures and associate companies	1 811	1 904	1 913	1 760	1 791
Training spend (Rm)	6	12	9	6	9
Average training spend per employee (R)	1 483	2 478	1 966	1 090	1 530
Assets per employee* (R'000)	6 914	7 309	7 243	11 232	7 557
Profit/(loss) per employee* (R'000)	(122)	(162)	(5)	208	(399)

* Calculated based on employee numbers at effective shareholding.

Assets per employee (R'000)



Profit/(loss) per employee (R'000)



RISK REVIEW

The Board, supported by the Risk committee, is responsible for risk governance to support the setting and achieving of strategic objectives. More information on risk governance and the Group’s risk management framework and process is included in the corporate governance section of this integrated annual report – refer pages 148 and 149.

RISK MANAGEMENT

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

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

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

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

The Group risk management function performs its duties in terms of the Risk and Opportunity Governance Framework and a formalised risk management plan.

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

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

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

Level 1 Executive management	> Level 2 Independent specialist functions that facilitate risk management oversight and compliance	> Level 3 Independent internal assurance providers	> Level 4 Independent external assurance providers	> Level 5 Governance committees to the Board
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Risk review continued

ROLES AND RESPONSIBILITIES

The risk management framework provides for enhanced oversight through assigning specific risks to relevant Board sub-committees. This provides a basis for:

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

Role	Responsibility
Board	Retains the ultimate responsibility for risk and opportunity governance, including compliance and performance-related aspects, and for determining the appropriate level of risk that Grindrod is willing to tolerate and opportunities it is willing to pursue in relation to the achievement of strategic business objectives.
Risk committee	Assists the Board in carrying out its risk governance responsibilities. Grindrod Bank’s Risk and Capital Management committee is responsible for the Bank’s capital management policy, capital planning initiatives and overseeing the implementation of effective risk management. The Credit Risk committee is responsible for assessing and managing credit risk, including concentration and counterparty risks.
Investment committee	Assists the Board in setting Grindrod’s strategic direction, within the context of identified risks and opportunities, and advises on capital and other strategic applications.
Audit committee	Ensures the integrity of internal financial controls and identifies and manages financial and related Information Technology (IT) risks, supported by a combined assurance model.
Social and Ethics committee	Assists the Board in discharging its corporate governance responsibilities relating to sustainable development across the three domains of economic, social and environmental, good corporate citizenship including ethics and anti-bribery and corruption, the environment, health and public safety, legal compliance, stakeholder relations, transformation, labour and employment.
Nomination committee	Reviews the skills and experience base and performance of the Chairman, Board and its committees, oversees executive management succession planning to promote business continuity and oversees the sourcing and selection process for appointments to the Board.
Remuneration committee	Assists the Board in carrying out its remuneration governance responsibilities.
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 and opportunity management activities throughout the Group, continually reviews the system and process of risk management against accepted standards and best practices and coordinates appropriate reporting within the Group.
Employees	Report on risks and opportunities they become aware of and implement actions in line with the risk management processes.
Internal audit	Performs an independent assessment of the effectiveness of risk governance.

GLOBAL PERVASIVE RISKS

From 2020, and in line with the Grindrod Global Change Sensitivity Model, global pervasive risks that could have a significant impact on Grindrod and its operations have been identified.

GLOBAL RISK 1 – COVID-19 PANDEMIC

DESCRIPTION

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.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Infections and fatalities of employees	●		●	●		
Operational disruptions and low productivity	●			●		
Adverse effects of uncoordinated lockdowns in the SADC region	●	●			●	

RISK MITIGATION

- Compliance with national and regional legislation and regulations, including provision of PPE to all employees.
- Update Standard Operating Procedures and continual training and awareness to staff.
- Entrench a safety and health culture through proactive leadership, engagement and communication.
- Increased risk management practices, processes and mitigating measures.
- Implement a remote working policy for all employees able to work remotely.

Risk review continued

GLOBAL RISK 2 – SOCIO-POLITICAL CONDITIONS

DESCRIPTION

A breakdown in 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 are becoming a stark reality for many people.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Civil unrest resulting in property damage and business disruption	●	●				
Industrial action and labour unrest	●	●		●	●	
Pressure on stakeholder relationships			●	●	●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- Continued support to communities in which we operate, i.e. drive local employment and local socio-economic development.
- Enterprise and supplier development programmes.
- Regular and authentic engagements with unions.
- Focus resources on ensuring minimal job losses and salary impact on our employees during COVID-19.

GLOBAL RISK 3 – CLIMATE CHANGE

DESCRIPTION

Climate change is the most significant systemic risk faced by humanity, impacting all spheres of life through a number of acute and chronic physical risks, and transitional risks in relation to policy, technology, market and reputation.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Extreme weather events, including storms and floods	●	●		●		●
Regulatory risk such as carbon tax	●					●
Increased reporting and regulatory requirements	●		●	●		
Change in commodity demand and end user preference	●	●	●	●	●	●
Unsuccessful investment in new technologies	●	●	●			
Increased cost of raw materials	●	●	●	●	●	●

RISK MITIGATION

- Diversification into lower carbon commodities such as graphite, LNG and agriculture in northern Mozambique.
- Diversify Richards Bay terminal away from coal.
- Adaptation to the effect of extreme weather events and flooding resulting in land-based transport being severely disrupted in northern Mozambique by providing marine-based solutions.

INDUSTRY KEY RISK AREAS

Material risks to the industries in which Grindrod operates are identified with due consideration of the key national, regional and global risks relevant to Grindrod’s operations and categorised according to the World Economic Forum’s five threat categories, namely Economic, Environmental, Geopolitical, Social and Technological, ranked in order of perceived imminent risk.

Consideration is given to 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. Internally, the Grindrod Global Risk Sensitivity Model, Top Risks and Opportunities Report read with the Pervasive Risk Report and insights of operational and senior executives lend further input.

Industry risks shifted during the year following changes in global dynamics driven by the COVID-19 pandemic. Recessionary conditions and the associated increase in business and industry failure and unemployment influenced key economic risk areas and impacted society at large, with further disease outbreaks and worsened mental health and inequality elevating social risks. Dramatic changes in the application of technology as a business driver heightened the associated technological risk.

Risk review continued

The table below outlines the key risk areas for the current and previous years relevant to the industry in which Grindrod operates. The risk ratings are not residual risk ratings, and hence do not factor in controls or mitigations. Grindrod considers the controls and mitigations when analysing the risk areas for the Group.

Risk category	Key risk area	2020		2019	
		Risk ranking	Risk rating	Risk ranking	Risk rating
Economic	Business interruption	4	High	8	High
	Global economic crisis and trade wars	6	High	2	High
	Commodity demand, price volatility and customer concentration	8	High	4	High
	Declining regional investment	12	Medium	12	Medium
	Energy and water cost fluctuation	13	High	5	High
	Infrastructure and SOE deficiencies	14	High	9	High
Environmental	Climate change and extreme weather	7	High	3	High
Social	COVID-19 pandemic	1	High	1	High
	Social unrest and inequality	2	High	11	High
	Local political instability and economic uncertainty	5	High	6	High
Geopolitical	Governance, legislation and regulations	9	Medium	13	Medium
	Global regulatory compliance	10	Medium	14	Medium
	Fraud and corruption	11	Medium	7	High
Technological	Cyber	3	High	10	High

GRINDROD KEY RISK AREAS

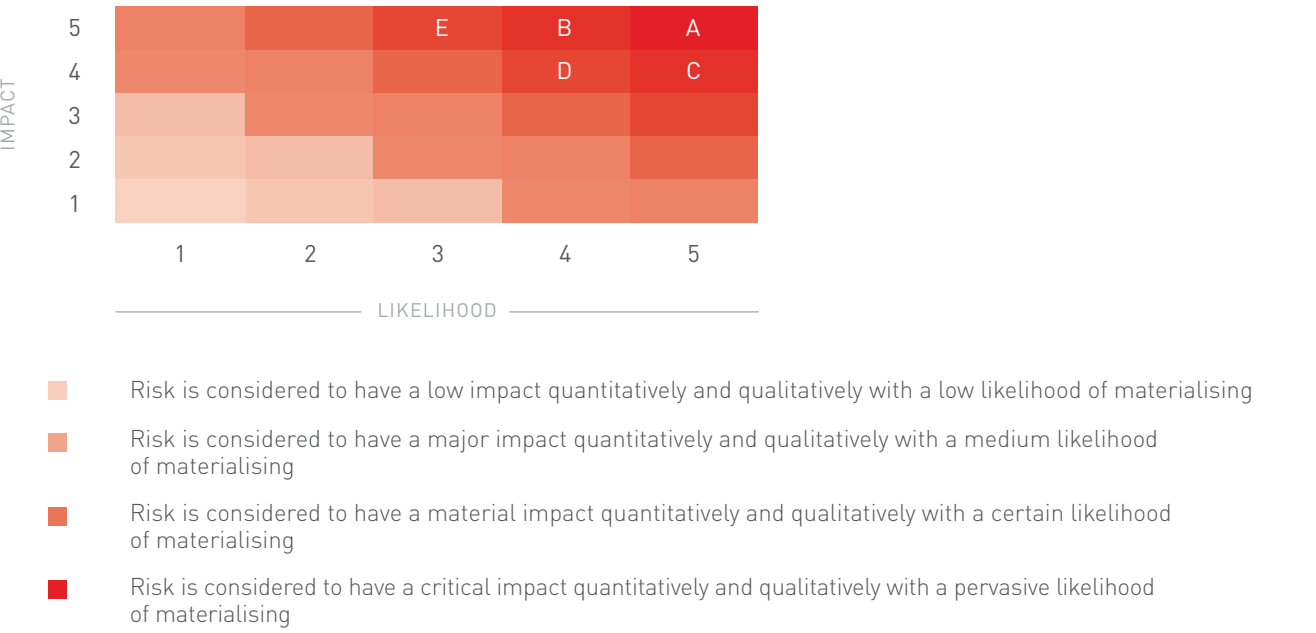
The table below outlines the current key risk areas that have a material impact on Grindrod’s ability to create value together with their residual risk ratings. These have been identified as part of the enterprise-wide risk identification and management system.

The residual heat map as set out below for 2020 remained consistent from that in 2019, and hence only the current year’s residual heat map is shown.

Key risk area	Applicable area		Current residual risk rating	Rating reported in 2019	Page
	PT&L*	Bank			
Credit and capital adequacy		●	B ↔	B	52
Political and sovereign	●	●	B ▲	C	54
Empowerment compliance	●		B ▲	C	56
SHERQ	●	●	C ▲	D	58
Liquidity	●	●	C ↔	C	60
Key logistic service providers' engagement	●		C ↔	C	62
Customer and commodity concentration	●	●	D ▼	B	64
Cyber	●	●	D ↔	D	66
Regulatory compliance	●	●	E ▼	C	68
Fraud, bribery and corruption	●	●	E ↔	E	70

* Port and Terminals and Logistics

RESIDUAL RISK HEAT MAP



Risk review continued

RISK 1 – CREDIT AND CAPITAL ADEQUACY

DESCRIPTION

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

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
High (B)	High (B)	<>	Bank

Reason for movement in exposure

This risk remains high because of the impacts of the COVID-19 pandemic as well as the downgraded credit status of South Africa.

POTENTIAL IMPACTS

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

RISK MITIGATION

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

RISK GOVERNANCE MATRIX

The Board and the Risk committee are, in addition to engagement with the executive management and Group risk management function, supported in their risk governance responsibilities by Board sub-committees and internal and external assurance providers. Grindrod Bank is further supported by their ALCO, Risk and Compliance, Audit and Risk committees.

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

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

Risk review continued

RISK 2 – 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.

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
High (B)	High (C)	▲	Grindrod Group

Reason for movement in exposure

This risk remains high as a result of the impacts of the COVID-19 pandemic as well as the downgraded credit status of South Africa and weak economic fundamentals, exacerbated by slow growth-enhancing structural reforms and poor State-Owned Enterprise (SOE) performance. Grindrod continues to monitor its continued exposure to risk in other African countries.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Disruption to operations caused by political turmoil	●	●	●	●	●	
Erosion of value as a result of credit-rating downgrades in countries in which the business operates	●	●		●		
Expropriation of assets or concessions and increased cost of capital	●	●			●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

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

RISK GOVERNANCE MATRIX

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

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

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

Risk review continued

RISK 3 – EMPOWERMENT COMPLIANCE

DESCRIPTION

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

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
High (B)	High (C)	▲	PT&L

Reason for movement in exposure

Increased risk from legislative and regulatory changes in South Africa relating to B-BBEE empowerment continues to influence the prioritisation of compliance.

POTENTIAL IMPACTS

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

RISK MITIGATION

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

RISK GOVERNANCE MATRIX

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

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

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

Risk review continued

RISK 4 – 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 voluntarily adopted frameworks.

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
High (C)	High (D) ¹	▲	Grindrod Group

¹ COVID-19 pandemic listed as the primary risk in 2019, with a High (A) rating

Reason for movement in exposure

The impact of risks associated with the COVID-19 pandemic, including economic, social, governance and technological risks, has resulted in SHERQ risk being elevated to a critical risk in 2020. 180 COVID-19 infections were recorded by Grindrod in 2020, with four associated fatalities. Recoveries at year-end totalled 142.

A reportable fatality in the Port and Terminals division and non-reportable incidents involving third parties in 2020 in the Logistics division drove a continued focus on improvement in SHERQ governance.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Fatalities, injuries and occupational diseases	●		●	●	●	●
Adverse impact on staff health and welfare	●	●	●	●	●	●
Adverse impact on operations and supply chain	●	●	●	●	●	●
Significant environmental events	●	●			●	●
Sub-standard quality of service delivery	●		●	●	●	●
Reputational damage	●	●	●	●	●	
Exposure due to legal non-compliance	●	●			●	
Reduced enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

- COVID-19 task team established to manage and monitor identified workstreams, engage with stakeholders and review strategy implementation.
- COVID-19 specific risk assessments and monitoring of compliance with all requirements of the Disaster Management Act and other associated regulatory requirements.
- Pandemic-related governance structures, including infrastructure, policies and procedures, third-party specialist support and stakeholder communication channels.
- Drive compliance with SHERQ and sustainability policies in conjunction with stakeholder engagement.
- Monitor SHERQ through transparent structures.
- Implement SHERQ and legal-compliance KPIs at senior employee levels.
- Further develop integrated ISO management systems.

RISK GOVERNANCE MATRIX

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

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

- Primary committee that oversees the risk.
- 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.
- Divisional SHERQ management committee.
- Independent external auditor and independent verification agencies.
- Client audits.
- Independent specialist advisors.
- Mutual risk Group assurance provider.

Risk review continued

RISK 5 – LIQUIDITY

DESCRIPTION

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

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
High (C)	High (C)	<>	Grindrod Group

Reason for movement in exposure

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

POTENTIAL IMPACTS

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

RISK MITIGATION

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

RISK GOVERNANCE MATRIX

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

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

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

Risk review continued

RISK 6 – KEY LOGISTIC SERVICE PROVIDERS’ ENGAGEMENT

DESCRIPTION

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

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
Medium (C)	Medium (C)	<>	PT&L

Reason for movement in exposure

Grindrod continued to maintain good relationships with key strategic suppliers and partners, notwithstanding the current challenges in the environments in which it operates.

POTENTIAL IMPACTS

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

RISK MITIGATION

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

RISK GOVERNANCE MATRIX

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

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

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

Risk review continued

RISK 7- CUSTOMER AND COMMODITY CONCENTRATION

DESCRIPTION

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

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
Medium (D)	High (B)	▼	Grindrod Group

Reason for movement in exposure

The risk rating decreased mainly due to the development of new trade corridors facilitating cargo flows, assisted by the stability of our major customers and additional long-term contracts concluded.

POTENTIAL IMPACTS

Description	Resources impacted					
	Our money	Our assets	Our skills	Our people	Our relationships	Our environment
Volatile earnings and returns on investments in infrastructural assets	●	●				
Impact due to operational disruption at key customers	●				●	
Adverse performance with the loss of a major customer or default	●			●	●	
Long-term impact on the sustainability of key commodities due to increasing environmental pressure	●	●			●	●
Impact on the sustainability of the Bank through single large exposures on deposit and lending books	●			●	●	
Impact on enterprise and stakeholder value	●	●	●	●	●	

RISK MITIGATION

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

RISK GOVERNANCE MATRIX

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

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

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

Risk review continued

RISK 8 – CYBER

DESCRIPTION

Grindrod operations rely on technology platforms to facilitate service delivery. The increased use of digital platforms, changes in working environments and continuous advancement in digital technology, particularly in the financial services sector, increases the risk of cybercrime. This necessitates maintaining the integrity and stability of key IT systems to protect client interests against increasingly sophisticated targeted attempts at digitally assisted fraud.

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
Medium (D)	Medium (D)	↔	Grindrod Group

Reason for movement in exposure

Improvement in governance structures through the outsourcing of key IT infrastructure management facilitated reduced residual risk. This risk however remains a key risk in Grindrod’s operations due to the continued advances in digital technology and Grindrod’s exposure to digitally assisted fraud.

POTENTIAL IMPACTS

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

RISK MITIGATION

- Strengthen IT governance structures and related internal controls, including business continuity and disaster recovery management.
- Formalised cyber security strategy, policies, charters, processes and systems, including end-user education.
- Drive compliance with industry standards.
- Service level agreements and commercial agreements that focus on Information security, business operations and compliance to governance activities.
- Sourcing strategy for the responsible and adequate procurement of standardised IT hardware and software.
- Monitor IT governance through transparent structures that include the IT management committee and project management office.
- Strengthen Group IT risk and governance management structure.

RISK GOVERNANCE MATRIX

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

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

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

Risk review continued

RISK 9 – REGULATORY COMPLIANCE

DESCRIPTION

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

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
Medium (E)	Medium (C)	▼	Grindrod Group

Reason for movement in exposure

This risk remains due to the continuous change in regulatory compliance requirements in the countries in which Grindrod operate and increased regulatory compliance reviews by regulatory bodies. However, robust controls and governance processes have reduced the level of residual risk.

POTENTIAL IMPACTS

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

RISK MITIGATION

- Well-defined and actively monitored risk tolerance levels.
- Strengthen compliance governance structures, including proactive stakeholder engagement.
- Combined assurance approach for ongoing monitoring of compliance.
- Embed a compliance-based culture across business divisions.

RISK GOVERNANCE MATRIX

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

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.
- Independent specialist advisors.

Risk review continued

RISK 10 – FRAUD, BRIBERY AND CORRUPTION

DESCRIPTION

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

2020 residual risk rating	2019 residual risk rating	Movement	Exposure
Medium (E)	Medium (E)	<>	Grindrod Group

Reason for movement in exposure

This risk remains a key risk in the group due to its pervasive nature.

POTENTIAL IMPACTS

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

RISK MITIGATION

- Well-defined and actively monitored risk tolerance levels.
- TRACE certification for all key operations.
- Fraud resilience and bribery and corruption risk assessments and gap analysis.
- Interactive training for all employees on fraud, bribery and corruption.
- Focused fraud training and awareness campaigns.
- Anonymous whistle-blowing structures based on enabling technology.
- Robust monitoring of compliance with the code of ethics through internal audit.

RISK GOVERNANCE MATRIX

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

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

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

OPERATIONAL REVIEW PORT AND TERMINALS

KEY ACHIEVEMENTS 2020

- Stabilised the business when COVID-19 restrictions started easing.
- Acquired 100% of the share capital of the Maputo Car Terminal.

KEY CHALLENGES 2020

- Managing the effect of the COVID-19 restrictions on the business.
- Achieving targeted utilisation of assets and services in a market impacted by slowing global demand.

Key focus areas 2021

- Build sustainability in operations, taking into account the medium- and short-term challenges posed by the COVID-19 pandemic.
- Drive further diversification in terminals throughput.
- Pursue opportunities in northern Mozambique.

Operational review: Port and Terminals continued

KEY INDICATORS

Economic

Revenue	▼ 6.1%
R1 082 million (2019: R1 152 million)	
Trading profit	^ 0.7%
R461 million (2019: R458 million)	
Operating profit	^ 1.8%
R335 million (2019: R329 million)	
Attributable profit	^ 29.1%
R226 million (2019: R175 million)	

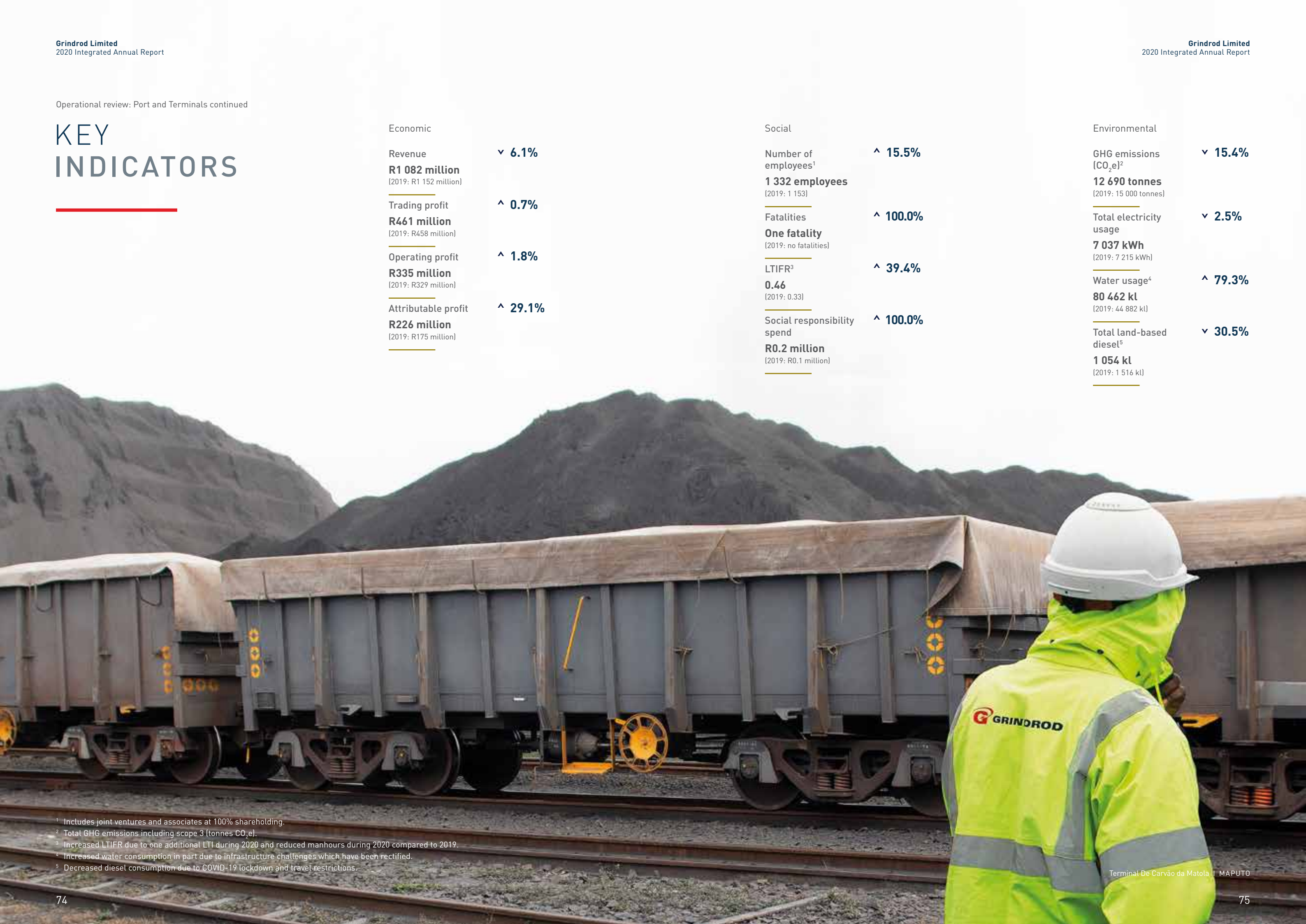
Social

Number of employees ¹	^ 15.5%
1 332 employees (2019: 1 153)	
Fatalities	^ 100.0%
One fatality (2019: no fatalities)	
LTIFR ³	^ 39.4%
0.46 (2019: 0.33)	
Social responsibility spend	^ 100.0%
R0.2 million (2019: R0.1 million)	

Environmental

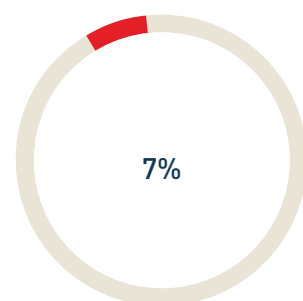
GHG emissions (CO ₂ e) ²	▼ 15.4%
12 690 tonnes (2019: 15 000 tonnes)	
Total electricity usage	▼ 2.5%
7 037 kWh (2019: 7 215 kWh)	
Water usage ⁴	^ 79.3%
80 462 kl (2019: 44 882 kl)	
Total land-based diesel ⁵	▼ 30.5%
1 054 kl (2019: 1 516 kl)	

¹ Includes joint ventures and associates at 100% shareholding.
² Total GHG emissions including scope 3 (tonnes CO₂e).
³ Increased LTIFR due to one additional LTI during 2020 and reduced manhours during 2020 compared to 2019.
⁴ Increased water consumption in part due to infrastructure challenges which have been rectified.
⁵ Decreased diesel consumption due to COVID-19 lockdown and travel restrictions.

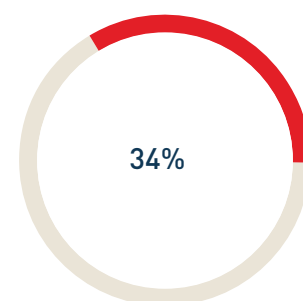


Operational review: Port and Terminals continued

Contribution to revenue (%)



Contribution to core operations trading profit (%)¹



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

Grindrod's Port and Terminals operate in environments that are driven by trade flows in select commodity markets. These in turn are impacted by global demand and consumption trends, commodity prices, associated logistics supply chains, the competitive landscape, regulatory and legislative compliance and social, technological and environmental aspects. Ports and port-based terminals are influenced by key trends in the maritime sector, induced by demographic (population growth, urbanisation and the geopolitical environment), technological (innovation and the decreasing cost of technology) and sustainability (climate change, regulation and society) drivers.

The COVID-19 pandemic adversely influenced asset utilisation and subsequent profitability through disruption in key supply chains and regulatory restrictions. The initially harsh lockdowns internationally literally froze production of most commodities and disrupted the process of accumulating export volumes and delivering inbound cargo to inland destinations.

Grindrod's Port and Terminals operations focused on improved business resilience, efficiency and effectiveness to manage the economic and social impacts associated with their operating environments.

2020

Port and Terminals generated a trading profit of R460.6 million (2019: R458.3 million). The division's key assets are its investments in the Port of Maputo and terminals in Maputo, Richards Bay, Durban, Cape Town, Gqeberha (previously Port Elizabeth) and Walvis Bay.

PORT OF MAPUTO

Port volume throughput was affected by COVID-19 restrictions, including congestion at the Komatipoort border gate due to inefficient screening procedures, which impacted mineral cargo flows into the port. Throughput declined by 13% to 18.4 million tonnes from the record 21.1 million tonnes in 2019. A weaker dollar impacted positively on earnings.

A big driver in the increased tonnage over the past two years is the 75-km dredging project which opened the port to fully laden post-panamax vessels. The project forms part of the port masterplan, which was initiated in 2010 by the Maputo Port Development Company, in which Grindrod holds a 24.7% interest. The deeper harbour access and port berths and infrastructure upgrades make it possible to accommodate vessels up to 250m in length to capacity, with optimum turnaround times.

TERMINALS

Throughput at terminals was negatively affected by lockdown restrictions, except the Richards Bay coal terminals, which increased throughput by 4.1% as a result of additional coal and anthracite export volumes.

Efforts to find solutions to bottlenecks caused by third parties in the logistics chain are ongoing and diversification opportunities are continuously explored to counter the effects of various factors that negatively impact coal exports.

Matola Terminal (TCM) revenue declined to USD 46 403 968 (2019: USD 47 857 526) representing a 3% decrease from the prior year. Coal handling revenue comprised 7% (2019: 19%) and magnetite handling revenue comprised 93% (2019: 81%). During the year 203 tonnes of unsized coal were handled representing a 75% decrease from the prior year.

Additionally, TCM handled 5 244 448 tons of magnetite (2019: 4 849 566 tons) representing an 8% increase from the prior year. The current terminal capacity is 7.3 million tons.

TCM turnaround times improved following the modification of a ship loader and the replacement of two rail bogeys in 2019 and the implementation of a more effective road-haul solution to the terminal in 2020.

Maputo Terminal (GML) suffered a 53.4% decline in tonnage to 344 305 tonnes (2019: 738 339 tonnes).

Maputo Car Terminal (MCTL) revenue for the period amounted to USD 4 336 334 (2019: USD 5 158 009), representing a decrease of 16% from the prior year. Handling and stevedoring comprised 17% and 59% respectively of total revenue. Volumes showed only a marginal decline to 15 667 vehicles (2019: 16 966 vehicles). In 2020, Grindrod became the outright owner of the car terminal by acquiring the 30% shareholding held by Höegh Autoliners. Port of Maputo remains a preferred port for the car-carrying shipping line. The terminal, spanning 85 100 m², has 4 126 parking bays and an annual throughput capacity of 120 000 vehicles, with facilities such as rail and road carrier access and inspection and automated washing bays.

Walvis Bay Terminal recorded a 39% decrease in earnings on a 5.1% decline in volume to 380 452 tonnes (2019: 400 852 tonnes).

The Richards Bay and Namibia stevedoring businesses reflected the drop in volume with a 34% decrease in earnings.

¹ Excludes trading profit of private equity and marine fuel and agricultural logistics businesses.

OPERATIONAL REVIEW LOGISTICS

KEY ACHIEVEMENTS 2020

- The seafreight, container and cargo businesses were incorporated into a single reporting line to facilitate providing seamless logistics services.
- Benefitted from opportunities available in northern Mozambique as preparation for the development of LNG infrastructure gathered momentum.
- Established a strong business footprint by merging the rail assets, services and expertise of Grindrod and African Rolling Stock Solutions.
- Commissioned the Camperdown AutoPort facility.

KEY CHALLENGES 2020

- Managing the impacts of restrictions imposed as a result of global COVID-19 lockdowns.
- Achieving targeted asset utilisation and acceptable returns.
- Restructuring business operations on the back of weak market fundamentals.
- Ensuring capacity was able to come on stream quickly to cater for the anticipated post-COVID growth.

Key focus areas 2021

- Finalise the development of additional quayside and storage facilities to accommodate increased volumes.
- Continue expanding the service offering and customer base in northern Mozambique.
- Maintain the focus on developing trade corridor opportunities.
- Further develop rail solutions through newly established Railco.
- Drive strategic projects and organic growth opportunities.

Operational review: Logistics continued

KEY INDICATORS

Economic

Revenue	▼ 1.3%
R3 232 million	
(2019: R3 273 million)	
Trading profit	^ 6.1%
R907 million	
(2019: R855 million)	
Operating profit	▼ 4.1%
R331 million	
(2019: R345 million)	
Attributable profit	^ 2.2%
R137 million	
(2019: R134 million)	

Social

Number of employees ¹	▼ 17.3%
2 605 employees	
(2019: 3 149)	
Fatalities	▼ 100.0%
No fatalities	
(2019: one fatality)	
LTIFR	▼ 48.1%
0.63	
(2019: 1.21)	
Social responsibility spend ⁵	▼ 80.0%
R0.5 million	
(2019: R2.5 million)	

Environmental

GHG emissions (CO ₂ e) ²	▼ 13.6%
141 020 tonnes	
(2019: 163 186 tonnes)	
Total electricity usage	▼ 12.7%
6 388 kWh	
(2019: 7 318 kWh)	
Water usage ³	^ 11.0%
65 947 kl	
(2019: 59 294 kl)	
Total land-based diesel ⁴	▼ 30.3%
13 736 kl	
(2019: 19 721 kl)	

¹ Includes joint ventures and associates at 100% shareholding.

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

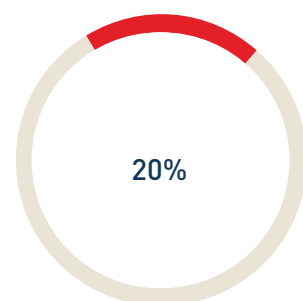
³ Increased water consumption related to container washing to cater for increased volumes due to bumper citrus season.

⁴ Decreased diesel consumption due to COVID-19 lockdown and travel restrictions.

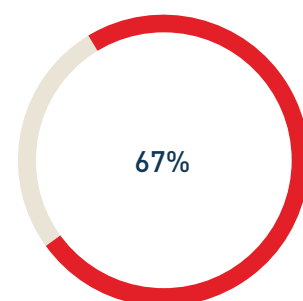
⁵ Decrease in social responsibility spend due to COVID-19 restrictions and lockdown.

Operational review: Logistics continued

Contribution to revenue (%)



Contribution to core operations trading profit (%)¹



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

Logistics forms the backbone of global and regional trade and is fundamental to the effective running of most other sectors. The sector is influenced by the ever-changing needs of consumers, driving changes in supply chains and technology adoption with a greater emphasis on knowledge-based activities, which increases capacity and productivity. These provide a basis for fundamental changes in the carrier landscape, with opportunities for transformation.

Logistics businesses were directly affected by the COVID-19 pandemic, with supply chain disruptions driven by business closures, backlogs at ports and travel restrictions affecting competitiveness, economic growth and society. The pandemic heightened challenges in workforce health and safety, stakeholder engagement, liquidity and cash management, capacity utilisation, technological innovation, regulatory and legislative compliance and logistical challenges presented by business closures.

Grindrod's Logistics businesses adapted to changes in their operating environments and focused on positioning the operations for future growth.

2020

Logistics generated a trading profit of R906.7 million (2019: R854.7 million).

The division offers tailored and seamless solutions across the supply chain, for the end-to-end handling, transportation and delivery of diversified cargo across southern Africa, incorporating Grindrod-owned assets, partnership agreements and established trade corridors. Ships agency and clearing and forwarding services enhance the product offerings.

SEAFREIGHT LOGISTICS AND INTERMODAL

The business provides comprehensive and seamless ocean, terminal and landside solutions. Its four divisions manage ocean freight, container, bulk and breakbulk handling, road transportation, warehousing, equipment maintenance and repair and container and genset sales.

The change in reporting structure to integrate the management of seafreight and intermodal continued to show benefits. Good housekeeping resulted in improved truck and vessel turnaround times and faster freight movement.

¹ Excludes trading profit of private equity and marine fuel and agricultural logistics businesses.

Housekeeping improvements include smooth gate controls and faster traffic flows and back-up equipment crucial to effective logistics flow. Customers value the cost-saving resulting from quick turnaround times and the assurance of using SHEQ-compliant facilities.

Seafreight, which manages the Grindrod feeder business through OACL, operates four vessels through major ports in Namibia, South Africa and Mozambique. It provides solutions for feeder, regional and domestic cargo.

Efficiency improvements in the Grindrod Intermodal service offering resulted in an increase in reefer logistics business, reefers being refrigerated containers used to transport perishable products. The development of a customised scissor lift for reefer preparation and inspection further improved productivity in the second half of the year.

Multi-purpose terminals, managing bulk and breakbulk cargoes, benefitted from growth in minerals logistics volumes. The terminals, at six facilities in Maydon Wharf, Durban, have a capacity of 205 000 tonnes, with a monthly throughput of 120 000 tonnes and 800 TEU during 2020. The service offering includes warehousing, distribution and minerals packing.

Inland container depots, at 11 sites near harbours where in- and outbound freight is handled or stored, have a capacity of 36 000 TEU, a monthly throughput of 53 459 TEU, warehouse capacity of 102 000 tonnes and a monthly warehouse throughput of 60 000 throughput TEU and 36 000 tonnes minerals.

Recent Marsh risk-grading audits – which include risk control organisation, fire defence, security, emergency planning, occupational health and safety and motor fleet – rated Denver in Johannesburg 99% (2019: 91%), Bluff Road in Durban 98% (2019: 97%), Umlazi in Durban 97% (its first audit) and Maitland in Cape Town 95% (2019: 38%).

Safety and Quality Assessment for Sustainability (SQAS) evaluations, a system of uniform third-party assessments to rate logistics service providers, rated the Grindrod Intermodal fleet a 92.3% score, Southcoast Road in Durban 95.3% and Denver 95.3%.

GRINDROD LOGISTICS MOZAMBIQUE

Grindrod Logistics Mozambique earnings totalled R84.4 million (2019: R73.2 million).

The Logistics presence in Mozambique initially centred around Grindrod's investments in the Port of Maputo.

Northern Mozambique became a focus point for Grindrod in 2017, when Logistics was awarded a contract by Syrah Resources to road-haul graphite flake over a distance of 500km from the Balama Mine to the Port of Nacala. By June 2018, Grindrod had invested in a fleet of long-haul trucks and developed a 60 000m² cross-dock facility to containerise the flake, a 10 000m² warehouse, a container yard with a capacity of 4 000 TEUs and a transport yard.

The suspension of flake production due to COVID-19 was offset by Grindrod initiatives in 2019 to explore additional opportunities for the deployment of available resources in the area when market conditions prompted a cutback in flake production. It developed a two-way product offering utilising the Nacala corridor, a railway line linking the port with Zambia and Malawi. The corridor has a capacity of 40 million tonnes a year over and above coal transportation, opening opportunities to move fuel and fertiliser imports inland and return with wheat, tobacco, sugar, iron ore and pig iron for export through the Port of Nacala.

Increasing activity around the development of the liquified natural gas (LNG) field offshore in northern Mozambique presented further expansion opportunities. The LNG project centres around the Golfinho-Atum gas-field development in the deep-water Rovuma Basin 40km off the coast of Cabo Delgado, the northern-most Mozambique province.

Operational review: Logistics continued

The field will be explored in phases. The first phase, the Rovuma Offshore Area 1 development, includes the construction of an onshore LNG facility on the Afungi peninsula in Cabo Delgado with an initial output of 12.88 million tonnes per annum (mtpa). This development is led by French company Total, the world's second largest LNG player and majority stakeholder in the Area 1 consortium. This phase achieved final investment go-ahead in June 2019.

Two additional LNG projects have been announced since then, one to be managed by ENI and ExxonMobil and the other by ExxonMobil, ENI and the China National Petroleum Corporation. These projects form part of the Rovuma Area 4 development.

Following the expansion of its services in northern Mozambique into the Nacala corridor, Grindrod expanded its facilities at Nacala to accommodate increased demand, initiated the development of road- and port-related facilities at the Port of Pemba, north of Nacala, and is in the process of establishing a fully enabled logistics hub at Palma further north, the closest city to the LNG activities. Activities on the Palma development are currently suspended due to the recent insurgent activities. Grindrod are assisting with the evacuation of the area.

Business opportunities in the port of **Mocímboa da Praia** are also being monitored.

Challenges to the road transportation infrastructure, which include severe damage to roads and bridges following seasonal rain late in 2019 and occasional rebel activity further north and inland, opened up opportunities for marine cargo feeds to and from ports.

With the increased demand for cargo feeds, Grindrod partnered with one of the largest marine services providers to the offshore oil and gas industry in the Asia Pacific region to introduce a marine transport logistics service from hub ports in Durban, Maputo, Pemba, Mombasa and Nacala, which have inadequate berthing facilities for large vessels. A fleet of landing craft and multi-purpose vessels has been in operation throughout most of the second half of 2020.

Landside operations at Nacala are managed by GLM, with handling, warehousing, storage and container facilities and 52 truck-trailer combinations for road haulage. At Nacala, the cargo is downloaded and road-hauled to the Cabo Afungi construction site. A 220-tonne crane was added to the Grindrod infrastructure to improve the efficiency of off-loading within low-tide timeframes. The crane also services other port users.

The integrated service offering at Nacala includes clearing, ships agency and stevedoring services provided by Sturrock Grindrod Maritime.

All facilities support local employment, with a focus on empowering women.

Grindrod also has access to the Tazara corridor, a bi-national railway link managed by the Tanzania Zambia Railway Authority, which connects the southern Africa regional transport network to the Port of Dar es Salaam in Tanzania.

CLEARING, FORWARDING, SHIPS AGENCY AND MARITIME TECHNICAL SERVICES

Röhlig-Grindrod's trading profit was R64.2 million (2019: R55.4 million) and warehouse utilisation 91% (2019: 58%).

Sturrock Grindrod Maritime's performance was negatively affected by maritime technical services company Novagroup receiving no work for four months during the COVID-19 lockdown period. As a result, the company made a loss instead of achieving its targeted break-even. The Nova division United Container Depots is exploring expansion opportunities to meet demand for its services.

Ships agency reported solid results, buffered by its service offering to a diverse range of ports and vessels, business support from its interests in Australia and Singapore and having already implemented work-from-home options for staff since 2019 to address travelling and safety concerns.

The SGM footprint now includes South and East Africa, Australia, South East Asia and the Middle East.

RAIL

Rail recorded a trading profit of R80 million (2019: R11 million).

Rail operations comprise concession-management company NLPI and rail-stock leasing company GPR.

NLPI manages the 340-km Beitbridge-Bulawayo concession on the north-south rail corridor linking South Africa with Zambia and the DRC through its Beitbridge Bulawayo Railways (BBR) subsidiary and also offers consultancy services.

The leasing business had a good year with a solid deployment ratio in Zimbabwe, Zambia and South Africa. The increase in utilisation was boosted by a merger on 1 July 2020 between Grindrod Rail Consultancy, GPR Leasing and African Rolling Stock Solutions (ARSS) to form Railco. The new company combines the Grindrod locomotive and wagon assets with the ARSS projects pipeline which requires some 70 locomotives and between 600 and 800 railway wagons. Railco's locomotive count is 43, of which 63% have been deployed and 37% are in the process of being serviced for deployment. It is estimated that Railco will deploy 80% of its locomotive fleet for current and pipeline projects. Service infrastructure and a spares inventory are being extended internally.

Railco will build on the success Grindrod achieved in developing a rate-competitive round-trip container train to minimise empty legs on the north-south rail corridor. This service is provided by specially built multi-purpose closed-wagon sets that transport copper from the DRC to Cato Ridge and return with sulphur from Richards Bay and containerised chemicals from Durban.

Railco is also investigating opportunities to extend its offering to the Tazara rail corridor.

AUTOMOTIVE AND FUEL TRANSPORTATION

Grindrod Automotive was negatively affected by the slump in the automotive market, notably from the second quarter onwards. Following an on-budget first quarter, business slowly resumed when the Level 5 lockdown was eased, initially on demand to clear vehicle congestion in ports following the sudden COVID-19 lockdown.

Budget and targets were adjusted, based on the lower than expected 380 000 new-vehicle registrations (2019: 530 000). The impact of the setback was mitigated by an adjusted business model, adopted in 2019, to cater for bi-directional traffic to minimise one-way deliveries. The business primarily serves the ports of Durban, East London and Gqeberha (previously Port Elizabeth). Vehicle volume decreased to 108 423 (2019: 153 441).

The development of the new Camperdown AutoPort, which was scheduled to be operational in May 2020, was deferred due to the lockdown restrictions and phased in to initially accommodate 2 400 vehicles. The second phase will commence in the first quarter of 2021, increasing the total capacity to 4 500 vehicles, which equates to 50% of the ultimate total facility capacity. Situated on the N3 highway, the Free-State/Gauteng corridor outside the so-called coastal rust belt, it offers value-added services to OEMs and will reduce Grindrod's environmental footprint through renewable energy, water consumption and recycling initiatives once the development has been completed.

Improved digital solutions are being developed to enable vehicle tracking and digitalisation of the paper-based delivery and invoicing administration. The portal enables effortless access to data by management and customers.

Grindrod Fuellogic and Grindrod Petrologistics, in South Africa and Botswana respectively, operated at a loss.

OPERATIONAL REVIEW BANK

KEY ACHIEVEMENTS 2020

- Equalled 2019 financial performance despite the disruption caused by the COVID-19 pandemic.
- Achieved liquidity and a capital adequacy ratio above regulatory requirements and internal targets.
- Addressed the requirements of increased regulatory oversight.
- Achieved board independence with the appointment of four new non-executive directors, three of whom are independent.
- Unchanged GCRC ratings of national scale long- and short-term issuer ratings at A-(ZA) and A2(ZA) respectively and international scale long-term issuer rating at B+, with stable outlook.

KEY CHALLENGES 2020

- Managing working arrangements to safeguard the health of employees.
- Addressing financial exposure, health and business risks, cost containment, bad debts and additional COVID-19-related SARB reporting requirements during a year fraught with uncertainty.

Key focus areas 2021

- Continue core strategy to preserve and reposition and future-proof the business, while exploring opportunities presented by the “new normal” in the wake of the pandemic.
- Drive and grow lending in the SME sector.
- Market, negotiate and develop platform-banking solutions for potential partners.
- Pursue strategic partnerships to boost business growth.
- Refocus on key projects and strategic priorities that were postponed during the COVID-19 disruption.

Operational review: Bank continued

KEY INDICATORS

Economic

Revenue	^ 8.0%
R378 million (2019: R350 million)	
Trading profit	▼ 59.6%
R38 million (2019: R94 million)	
Operating profit	▼ 71.3%
R23 million (2019: R80 million)	
Attributable profit	▼ 54.2%
R38 million (2019: R83 million)	

Social

Number of employees ¹	▼ 5.3%
195 employees (2019: 206)	
LTIFR	
Zero (2019: 0.00)	
Training spend ⁵	▼ 52.0%
R1.2 million (2019: R2.5 million)	
Social responsibility spend ⁶	▼ 45.5%
R1.2 million (2019: R2.2 million)	

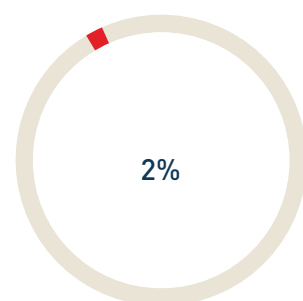
Environmental

Water usage ³	▼ 34.2%
5 739 kl (2019: 8 728 kl)	
GHG emissions (CO ₂ e) ²	▼ 23.4%
2 490 tonnes (2019: 3 251 tonnes)	
Scope 2 GHG emissions (CO ₂ e)	▼ 15.1%
2 027 tonnes (2019: 2 388 tonnes)	
Scope 3 GHG emissions (CO ₂ e) ⁴	▼ 46.3%
463 tonnes (2019: 863 tonnes)	

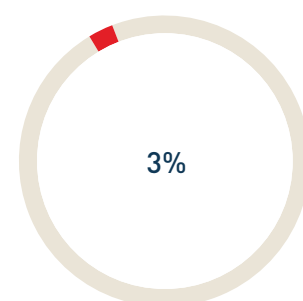
¹ Includes joint ventures and associates at 100% shareholding.
² Total GHG emissions including scope 3 (tonnes CO₂e).
³ Reduced consumption due to remote working of staff during and after lockdown.
⁴ Decrease in emissions primarily due to reduced business travel and commuting brought about by the COVID-19 pandemic measures.
⁵ Reduction in training spend due to COVID-19 restrictions.
⁶ Reduction in CSI spend due to lower NPAT.

Operational review: Bank continued

Contribution to revenue (%)



Contribution to core operations trading profit (%)¹



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

Operating in the financial services industry, Grindrod Bank focuses on key drivers, which include digital innovation and transformation, changes in customer attitudes, the competitive landscape and ever-increasing regulatory compliance pressure. Within the macroeconomic context, incremental profitability from product and service innovation with associated operational changes and process optimisation are also key areas of focus.

The COVID-19 pandemic adversely influenced profitability through reduced interest rates, whilst social impacts increased credit risk, directly affecting the financial services industry. The pandemic prompted a focus on business continuity planning, enhanced customer engagement, increased management of loan stress and customer sensitivity, cost management and forward-looking strategic planning.

In response to the challenges, Grindrod Bank positioned itself for short-term resilience and longer-term strategic growth and sustainability.

2020

The Bank's attributable profit decreased by 54.2% to R38 million (2019: R83 million) due to the effects of COVID-19 and provisioning.

The record low interest rates introduced by the SARB to counter the devastating effect of COVID-19 on businesses and households negatively impacted net interest income.

The second quarter saw a priority focus on measures to ensure staff health and safety. Employees were encouraged to work from home and only limited staff were allowed at our offices, on a rotational basis spanning at least two weeks to coincide with the prescribed isolation period in the case of infection.

Business risk was proactively mitigated. The provision for bad debts was increased. The customer engagement drive was intensified and the communication outcome demonstrated the benefits of the strong relationships that have been developed over the years.

Many clients were affected by the stagnant economy and shared their financial position with the Bank openly. Measures to protect and support customers were aligned with SARB and Banking Association of South Africa (BASA) guidelines, including deferral agreements.

Deposit levels at **Treasury**, from which lending activities are funded, reduced in line with a decision to limit fixed interest products to R9.43 billion (2019: R11.19 billion).

The Bank settled the R240 million tranche of the listed bond which matured in November 2020.

Lending, the core traditional banking business, increased advances to R8.0 billion (2019: R7.4 billion) with a focus on quality lending during the challenging economic environment. Coupled with the high deposit levels, the liquidity surplus and capital adequacy ratios are comfortably above regulatory and internal targets. Lending continues to target new SME clients.

Corporate Finance activities remained modest due to subdued corporate transaction activities in its JSE-sponsor market.

The third-party preference share investment trust managed by **Capital Markets** was transferred to an independent service provider to rectify a deemed control impact and resultant consolidation of the trust's assets.

Retail continued to focus on the development of platform-banking solutions and is negotiating the development and implementation of customised platforms with a number of potential partners.

¹ Excludes trading profit of private equity and marine fuel and agricultural logistics businesses.

OPERATIONAL REVIEW

SOCIAL RESPONSIBILITY

Grindrod's social responsibility favours investments in education and the environment and it supports staff who wish to be involved in initiatives that impact people's lives.

CORPORATE INVOLVEMENT

Corporate contributions are made annually mainly to Adopt-a-School, the Cyril Ramaphosa Educational Trust (CRET) and the Wildlands Conservation Trust. Donations totalled R1.9 million in 2020 (2019: R4.8 million). The social responsibility spend decreased mainly due to contributions initially earmarked for education infrastructure projects, which were delayed due to restrictions and lockdown. However, these projects have resumed in 2021.

The Adopt-A-School sponsorship includes supplementary classes in mathematics and physical science at its adopted schools, Ndukwenhle Secondary School and Inhlakanipho High School, and ad-hoc infrastructure funding teacher and learner interventions to improve skill levels, motivate and mentor students.

Since partnering with Adopt-a-School in 2010, Grindrod has contributed R4.2 million.

The CRET sponsors university students. It also provides leadership training, personal empowerment camps and a mentoring programme to support and empower bursary recipients. The trust started the year with 120 students on the programme (2019: 106).

Grindrod has already funded comprehensive bursaries to 14 students, covering tuition, accommodation, books, stationery and a monthly stipend. Eight of the students have graduated with their first qualification and three are pursuing post-graduate studies. Qualifications obtained include degrees in accounting, medical sciences, environmental sciences, geography and environmental management and national diplomas in taxation. Three further students are currently pursuing qualifications in Law, Shipping and Logistics and accounting.

Grindrod also donated R100 000 to Rise Against Hunger for the distribution of 35 000 meals.

In 2020, the Terminals CSR committee in Mozambique conducted an assessment to investigate improving access to clean water, hygiene and education at the Matola-Gare Primary School located about 27km from TCM. The school has 84 teachers and more than 6 000 pupils. The assessment follows a decision to help communities thrive and extensive stakeholder engagement with government.

The assessment resulted in an action plan which will be executed in three phases, starting early in 2021:

- Drilling a borehole and installing a submersible solar pump, constructing a concrete tower with a 10 000-litre tank and installing hand basins and water connections to improve access to water, which is currently provided through one tap.
- Rehabilitating pupil and teacher ablution facilities, including roofs, plumbing, toilets and drainage.
- Launching sustainable water harvesting and gardening and educational assistance projects.

Wildlands Conservation Trust contributions are invested in the Blue Fund, which was established in 2010 as a partnership between the trust and the Bank. Since entering into a partnership with the Wildlands Trust in 2012, Grindrod has contributed R6.694 million to the Blue Fund.

The Bank acknowledges its heritage of merging entrepreneurship with the potential of the ocean by supporting **WILDOCEANS** projects. The involvement supports certain threads of Operation Phakisa, which is exploring critical areas to unlock the potential of South Africa's vast coastline, including aquaculture, marine protection services and ocean governance.

The Bank's support includes:

- **The Ocean Stewards** programme, a socioeconomic development initiative in its sixth consecutive successful year, gives selected marine students an all-encompassing experience in offshore research aboard an oceanic research vessel, under the guidance of marine scientists. The experience adds depth to the students' post-graduate studies. In addition to building capacity in the sector, it contributes to important scientific research that will help to build the case for the protection of our coastlines. In 2020, 15 new members in the Ocean Stewards Fellowship were inducted virtually and 25 ocean stewards attended various webinars. Eighteen Ocean Stewards participated in research experience onboard the R.V. Angra Pequena.
- **WhaleTime**, a tourism initiative which aims to train and upskill tour guides from disadvantaged communities through both landside- and boat-based training. Normally, they spend time at the Port Natal Maritime Museum and study through the KZN Coastal College. Those who wish to stay for a second year of capacity building are given the opportunity to complete the three-month intensive Level 2 CATHSSETA tour guide accreditation programme at the SA Association for Marine and Biological Research. During 2020, because of COVID-19 restrictions, all activities, including tours and training, were suspended, but guides completed on-line training courses and initiated on-line activities such as assignments and quizzes on whaling, tourism, and overall whale tour improvement. In the last quarter of the year, WhaleTime guides conducted monthly tours at the Old Whaling Station to more than 90 people who booked tours in small groups. Nearly 1 100 people were taken on tours through the Port Natal Maritime Museum.
- **The Blue Port**, a project to drive key interventions in the Durban port to address social, ecological and economic issues. Although all collection activities have been halted due to the pandemic, the project provided on-line courses and is researching opportunities to improve interventions – including liaising with partners in the port to identify a collective vision and way forward. In the last quarter of the year, a mullet stream containment structure was completed and, by year-end, 500kg of floating waste from the canalised catchment into the port had been trapped. Approximately 3 000 ocean pavers have been produced from the waste collected. Two surveillance cameras have been placed in the catchment to improve understanding of the flow of plastic pollution into the Durban port system.

As a result of the suspension of many projects due to COVID-19, the Bank decided to limit its donations to Wildlands to R300 000 from R1.4 million in 2019, but subsequently pledged:

- R500 000 to the Solidarity Response Fund;
- R20 000 to **Rally to Read**, a long-running educational initiative that supports disadvantaged schools in remote areas with books and teaching support;
- Grindrod Bank further donated R50 000 to the International Association for Human Values (IAFHV); and
- R350 000 to Thembelihle school.

Other events impacted by the COVID-19 pandemic, are:

- **The Hilton Arts Festival**, an annual event aimed at promoting and preserving the arts by bringing South African performing arts to the province, and supplementing this with a varied music programme, a quality craft market, visual arts, arts-related lectures and workshops, food and drink outlets and street and free entertainment. In 2020, the festival was only accessible on-line.

Operational review: Social responsibility continued

MPDC supports community education, arts and culture initiatives, including:

- The CERCI centre in Maputo, a school for children and young adults with mental disabilities. In 2016, MPDC and several of its business partners joined efforts to build world-class facilities to improve the students' ability of being integrated into society. MPDC still supports CERCI by funding their administrative expenses.
- The Livro Aberto Association, which plays a key role in children education in needy communities. Its principal target is to reduce illiteracy levels. The activities include community workshops in linguistics and literacy, mobile libraries, the publication of Mozambican children's literature and literature instruction to educators, day-care providers and parents.
- The Ferroviário Club, a Maputo sports club providing facilities for soccer, basketball, swimming, cycling, athletics, boxing, karate and hockey.
- The Locomotiva de esperança, a children's neighbourhood soccer championship that also involves orphanages.
- The Xiquitsi project which aims to achieve social integration and inclusion and vocational training through group tuition in music.

In Mozambique, a hand-washing station, hands-free handwashing buckets and face masks were donated to the district government of Nacala. The handwashing station was allocated to the Nacala District Hospital and the buckets and face masks to community leaders to help them lead by example and educate the community on practices that keep them safe.

Beitbridge Bulawayo Railway (BBR) donated sanitisers and personal protection equipment to the Ekusileni Medical Centre in Bulawayo, Zimbabwe in support of its COVID-19 outreach.

Grindrod Intermodal and Seafreight launched a combined outreach to the Eastern Cape in December 2020 to supply water to a drought-stricken region suffering in places from inadequate infrastructure. The team fitted flexi-bags in five containers capable of holding 24 000 litres of water each. The containers were shipped to Gqeberha (previously Port Elizabeth) on the Border Voyage 168. Following engagement with the Nelson Mandela Bay municipality and the Chamber of Commerce, two containers were used in Port Elizabeth and three delivered to Uitenhage.

SGM supports grass-roots charities, focused on people in need. In 2020, the business supported NGOs that provide schooling for orphaned children; food for pre-school centres, homes for the mentally and physically challenged and bed-ridden people; support to a school for children with visual impairment; funding to further science, mathematics and technology education in rural areas and townships; and training to grandmothers in rural areas to equip them with house-keeping and entrepreneurial skills to help them care for orphaned and vulnerable grandchildren affected by HIV/Aids in their care. Certain employees were assisted with bursaries for primary school funding. Donations by SGM, GLA and Novatech totalled R210 000.

EMPLOYEE PARTICIPATION

Employee-driven social interventions were negatively impacted by the restrictions guiding interaction during the pandemic. These initiatives are an important outreach to communities in areas of operation, with the objective of driving inclusive regional growth, aligned with the UN Sustainable Development Goals (SDGs) of quality education, sustainable communities, good health and well-being and no poverty, responsible profits and the sustainability of the planet (through clean water and sanitation and responsible consumption and production).

Previous interventions which could not be done in 2020, include safety and health days offering vital health screening and 'flu vaccinations, workshops on employee wellness, team-building exercise classes, Mandela Day outreaches, book and stationery donations to schools, food kitchens, school-based poverty and education projects, tree-planting days, community clean-up drives and showing solidarity with the movement against gender-based violence, abuse and rape. Terminals employees in Mozambique and their family and friends participated in two blood-donation events with MPDC.

In 2020, Grindrod Intermodal:

- Undertook a weekly food-parcel distribution to residents of Umlazi who live close to the Umlazi and Reunion container depots. Employee volunteers went from door to door to give the parcels to households that accepted the gift. The permits required in terms of lockdown regulations were arranged and volunteers issued with the necessary PPE.
- Partnered with the non-profit Ukubona Foundation to conduct eye screenings at its Denver facility in Johannesburg. Close to 200 employees, temporary staff, security personnel, contractors and truck drivers were screened, with 59 requiring spectacles. The proceeds of the testing will be used by the foundation to provide eye screening to school children and provide spectacles to those who require them.

Grindrod staff is encouraged to participate in CSI projects, although COVID-19 in 2020 put a damper on volunteering activities due to the restrictions in movement.

RESOURCES REVIEW

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RESOURCES REVIEW

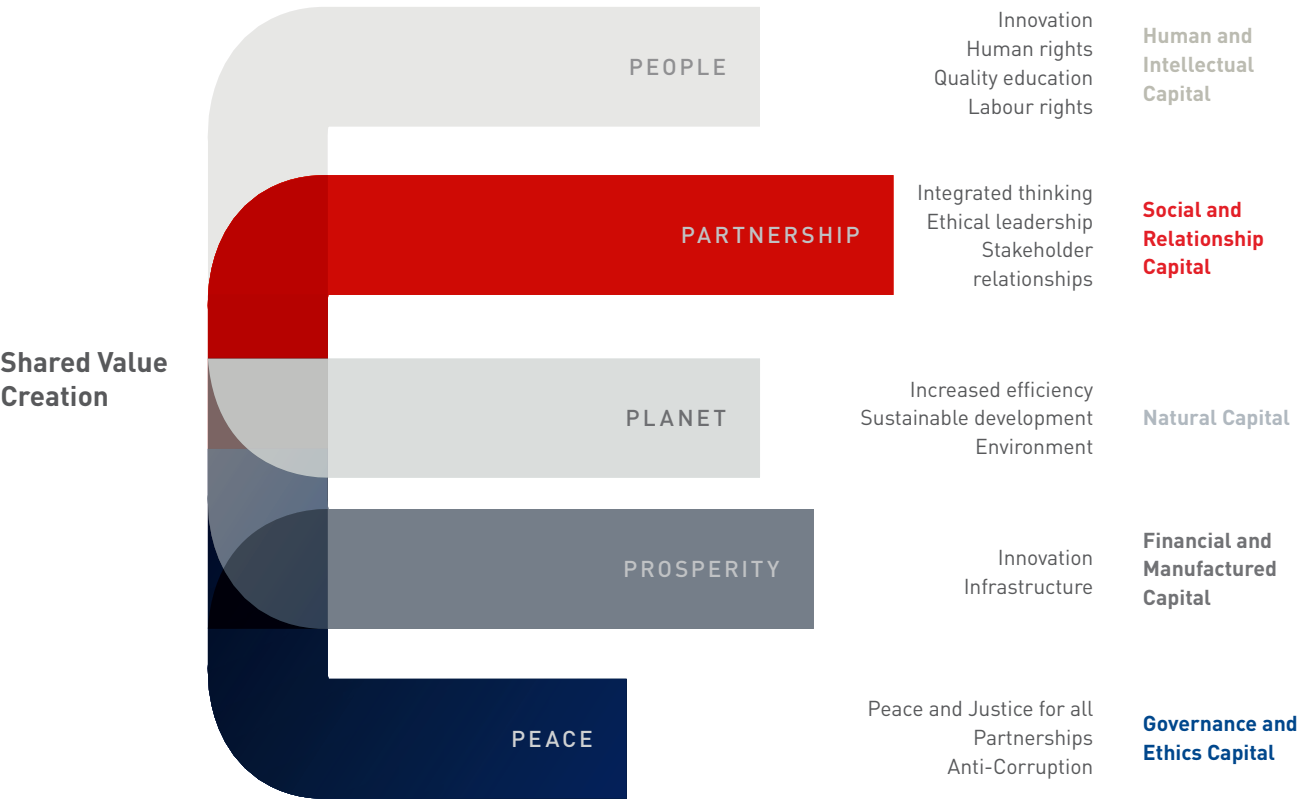
Grindrod manages its resources through national and international best practice frameworks to guide the development and implementation of objectives, strategies, work plans, evaluation tools and reporting structures to achieve sustainable, ethical and socially responsible management of money, assets, skills, people, relationships and the environment.

The frameworks which guide the development of sound and sustainable business structures are:

- King IV, which aims to achieve an ethical culture, good performance, effective control and legitimacy, being the four fundamental governance outcomes according to universal principles and recommended practices.
- The six capitals of value creation, which provide a meaningful framework for developing sustainable, ethical and socially responsible strategies, evaluation tools and reporting structures. The concept of the six capitals was introduced by the International Integrated Reporting Council (IIRC) in 2013 and has since been integrated into King IV. The six are financial, manufactured, intellectual, human, social and relationship and environmental capital. Grindrod refers to these capitals as our money, our assets, our skills, our people, our relationships and our environment. These factors that provide the means to create value have been incorporated into key governance processes, including risk governance and capital-investment decisions.
- The Sustainable Development Goals (SDGs) give substance to a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The goals underpin the United Nations 2030 Agenda for Sustainable Development. Grindrod adopted six goals which are most relevant to its business and the communities in areas it operates in to guide business strategy and implementation: SDG4 (quality education), SDG5 (gender equality), SDG6 (clean water and sanitation), SDG8 (decent work and economic growth), SDG9 (industry, innovation and infrastructure) and SDG13 (climate action).
- The SDG Compass, a tool that facilitates sustainability as an outcome of core business strategy.
- The UN Global Compact’s Ten Principles, a value system that focuses on corporate responsibility in relation to human rights, labour, the environment and anti-corruption.
- The Universal Declaration of Human Rights and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.
- The Rio Declaration on Environment and Development.
- The OECD Anti-Bribery Convention.
- The TCFD recommendations on climate-related financial-risk disclosures.

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

- the ISO 9001 quality criteria;
- the ISO 14001 environmental management system;
- the ISO 27001 information security management framework;
- the ISO 30001 risk management and the COSO internal control frameworks;
- the ISO 45001 occupational health and safety framework;
- 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.



Resources review continued

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

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

- SDG8 – To promote inclusive and sustainable economic growth through unlocking trade corridors in southern Africa, employment and decent work for all, through empowerment initiatives, HR policies, a safe working environment and steps to ensure the wellness of people, including fair treatment, working towards achieving B-BBEE targets, standardised remuneration structures acknowledging individual merit, the promotion of safety and external and internal enterprise-development initiatives.
- SDG4 – To ensure inclusive and quality education for all and promote life-long learning, through employee development initiatives, industry-related training and community-focused social investments, including career development plans, leadership and management development programmes, learnerships and apprenticeships, skills training and workshops, an internship programme and investments to improve schools and fund tertiary education.
- SDG5 – To achieve gender equality and empower all women and girls based on our Equality Framework under custodianship of our Equity Forum, through policies and principles aimed at eliminating gender-based discrimination, such as equal access to work, CSI initiatives and ICAS support to all employees and their immediate families.
- SDG6 – To ensure access to water and sanitation for all, through an integrated water-management policy that targets effective water-resource management, rainwater harvesting and dust suppression with used water.
- SDG9 – To build resilient infrastructure, promote sustainable industrialisation and foster innovation, through stringent management systems based on international benchmarks, investments in strategic infrastructure projects, which include diversification strategies in commodity handling to promote sustainable capacity utilisation, growing project-related solutions and infrastructure, building integrated freight solutions and developing a platform banking offering and providing SME banking services.
- SDG13 – To take urgent action to combat climate change and its impacts, through the implementation of targeted reduction in emissions and improved water security and waste management, including on site renewable energy installation and investigation into fuel-switching to reduce our carbon footprint.



Maitland Intermodal facility | CAPE TOWN

OUR RESOURCES

KEY ACHIEVEMENTS 2020

- **Our money:** Achieved increases in trading profits in key businesses notwithstanding challenging conditions.
- **Our assets:** Successfully grew the Rail, Terminals, container and coastal feeder businesses.
- **Our skills:** Continued with MDP, SMDP, youth apprenticeship and disability learnerships.
- **Our people:** Proactively and successfully minimised the threat of COVID-19 on employees and stakeholders.
- **Our relationships:** Maintained and built on strategic relationships with key stakeholders.
- **Our environment:** Approved the 2025 Climate Change and Environmental Policy.

KEY CHALLENGES 2020

- **Our money:** Selling non-core businesses that negatively affected overall returns.
- **Our assets:** Achieving targeted infrastructure utilisation due to commodity flow interruptions during lockdowns.
- **Our skills:** Adapting working processes across all operations to promote business continuity.
- **Our people:** Supporting employees to adapt to 'the new normal' without interruption to business output.
- **Our relationships:** Maintaining levels of engagement despite the disruptions caused by COVID-19.
- **Our environment:** Identifying economically feasible environmental initiatives.

Key focus areas 2021

- **Our money:** Progress sale of non-core assets and grow earnings in core businesses.
- **Our skills:** Providing people management training and rolling out supervisory development training.
- **Our assets:** Restore volumes, expand footprint and drive diversification of commodities.
- **Our people:** Continue to support employees and empower managers to monitor mental and physical well-being.
- **Our relationships:** Intensify efforts to achieve mutually beneficial stakeholder involvement, an engaged workforce and improved community sustainability.
- **Our environment:** Implement 2025 Climate Change and Environmental Policy operational metrics and targets.



Matland Intermodal facility | CAPE TOWN

KEY INDICATORS

Value added ^ 3.0% R1 790 million (2019: R1 738 million) (2018: R1 908 million)	Cash generated by operations ▼ 14.5% R871 million (2019: R1 019 million) (2018: R584 million)	Shareholders' equity ▼ 6.7% R7 959 million (2019: R8 535 million) (2018: R9 431 million)
Investment in assets (at cost) ^ 11.4% R404 million (2019: R456 million) (2018: R756 million)	Return on net assets ^ 80.6% (0.6%) (2019: (3.1%)) (2018: 0.9%)	Capital expenditure ▼ 11.4% R404 million (2019: R456 million) (2018: R756 million)
Training spend¹ ▼ 45.8% R6.4 million (2019: R11.8 million) (2018: R9.2 million)	Training interventions² ▼ 43.1% 1 083 employees (2019: 1 904) (2018: 1 576)	Training spend per employee ▼ 40.2% R1 483 per employee (2019: R2 478 per employee) (2018: R1 966 per employee)
Number of employees³ ▼ 8.8% 4 330 employees (2019: 4 746 employees) (2018: 4 728 employees)	Female representation⁴ ^ 4.7% 31.4% of employees (2019: 30.0%) (2018: 29.2%)	Fatalities 0.0% One fatality (2019: one fatality) (2018: one fatality)
Number of shareholders⁵ ^ 9.6% 9 659 shareholders (2019: 8 810 shareholders) (2018: 9 842 shareholders)	Countries of operation 23 countries (2019: 24 countries) (2018: 31 countries)	Social responsibility spend⁶ ▼ 60.4% R1.9 million (2019: R4.8 million) (2018: R4.5 million)
GHG emissions⁷ ▼ 13.9% 156 200 tonnes CO ₂ e (2019: 181 437 tonnes) (2018: 169 611 tonnes)	Electricity efficiency ▼ 0.6% 3 690 kWh/FTE (2019: 3 668 kWh/FTE) (2018: 3 536 kWh/FTE)	Water usage⁸ ^ 30.1% 146 911 kl (2019: 112 904 kl) (2018: 150 254 kl)

¹ Reduction in training spend due to COVID-19 restrictions.

² Reduction in training interventions due to COVID-19 restrictions.

³ Includes joint ventures and associates at 100% shareholding.

⁴ South African-based operations only. Includes temporary/contract staff but excludes foreign nationals.

⁵ Includes total shareholdings for ordinary and preference shares.

⁶ The decrease relates mainly to contributions earmarked for education infrastructure projects, which were delayed due to COVID-19 restrictions and lockdown. These projects resumed in 2021.

⁷ Total GHG emissions (including scope 3).

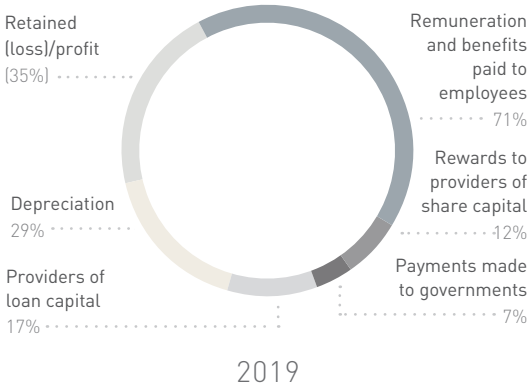
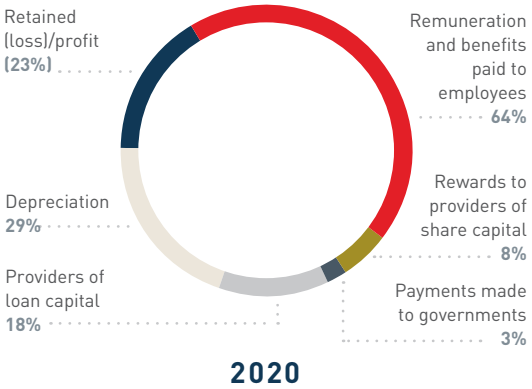
⁸ Increased water consumption due to expansion of operating sites and increased reefer activity.

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.

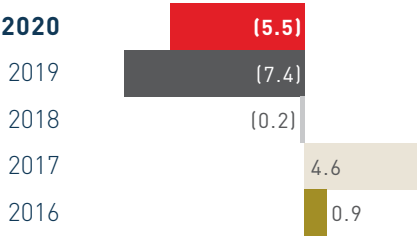
VALUE ADDED

Distribution of wealth (%)



	2020 Rm	2019 Rm
Remuneration and benefits paid to employees	1 147	1 233
Rewards to providers of share capital	148	201
Payments made to governments	58	119
Providers of loan capital	326	299
Depreciation	526	502
Retained income	(415)	(616)
Total wealth distributed	1 790	1 738

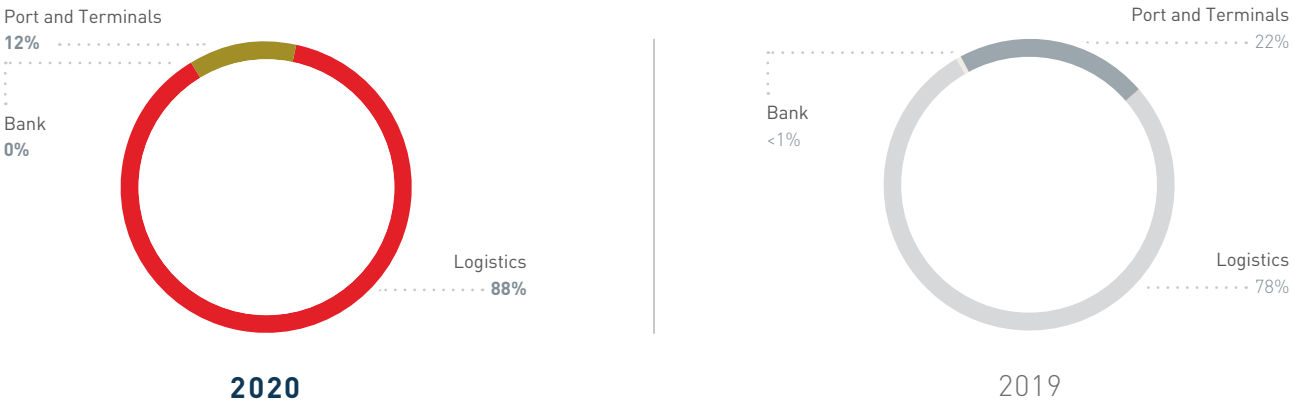
Return on ordinary shareholders' funds (%)



Our money continued

CAPITAL INVESTMENT

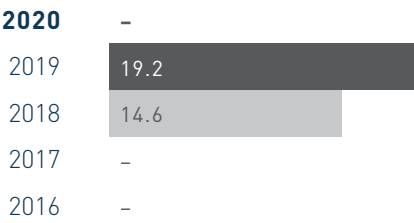
Capital expenditure by business area (%)



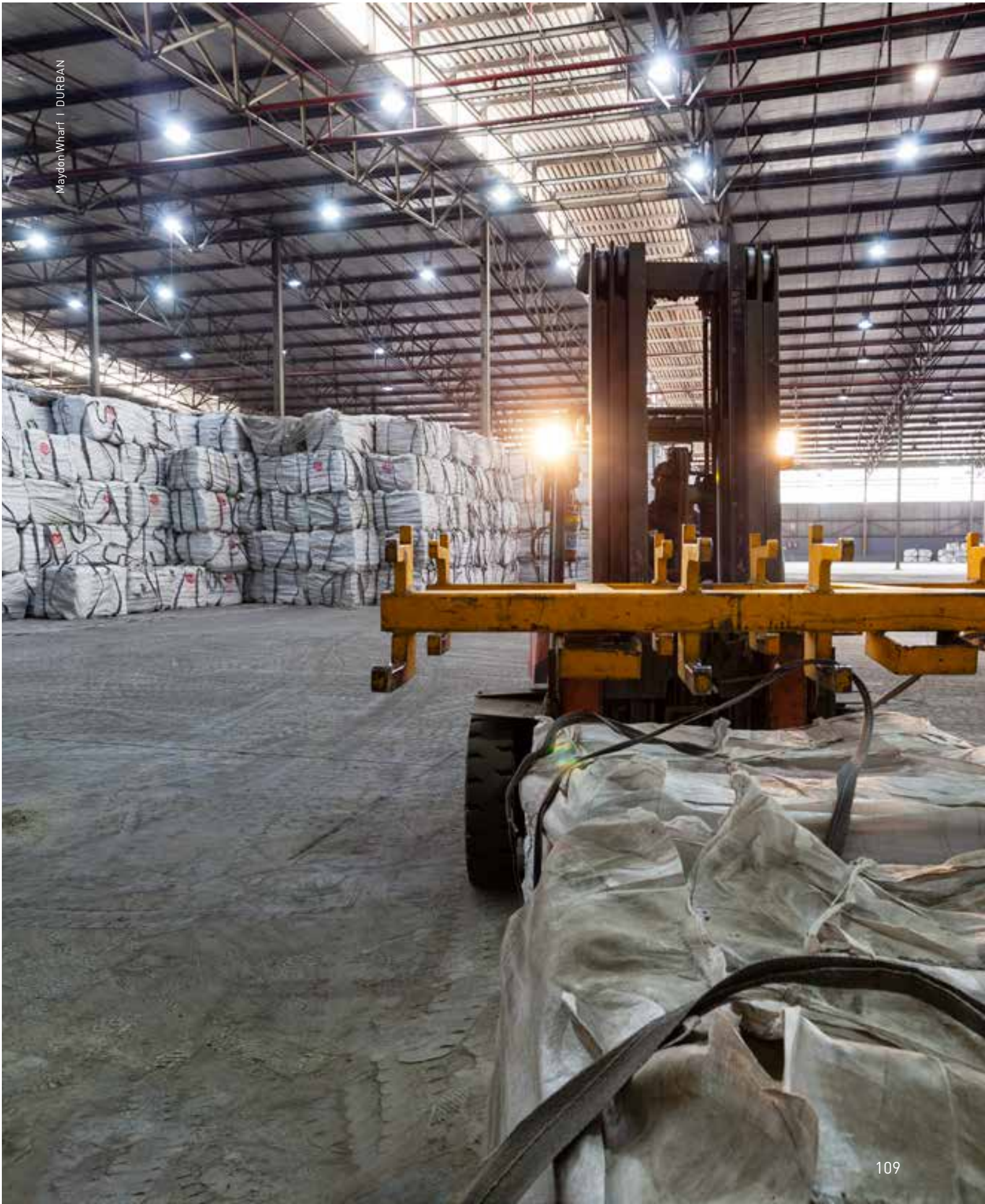
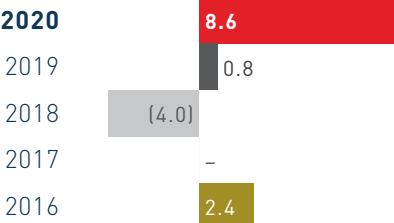
	2020 Rm	2019 Rm	2018 Rm	2017 Rm	2016 Rm
Port and Terminals	49	98	93	165	120
Logistics	355	356	395	329	230
Bank	–	2	2	8	7
Marine Fuels and Agricultural Logistics	–	–	–	1	1
Shipping	–	–	266	155	770
Total capital expenditure*	404	456	756	658	1 128

* 54% (2019: 73%) of capital expenditure was expansionary, and the balance relates to maintenance or replacement capital expenditure.

Ordinary dividend per share (cents)



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

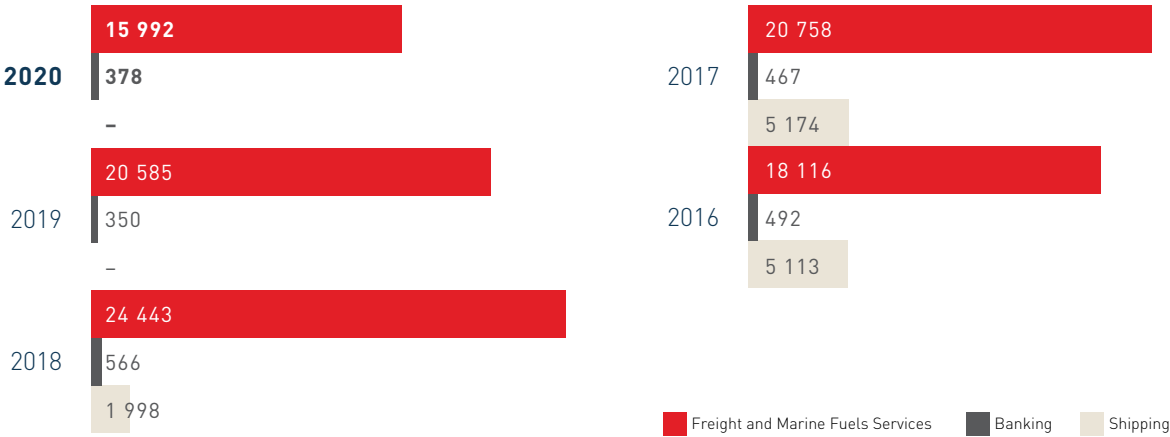


Our money continued

DIVISIONAL FINANCIAL INFORMATION

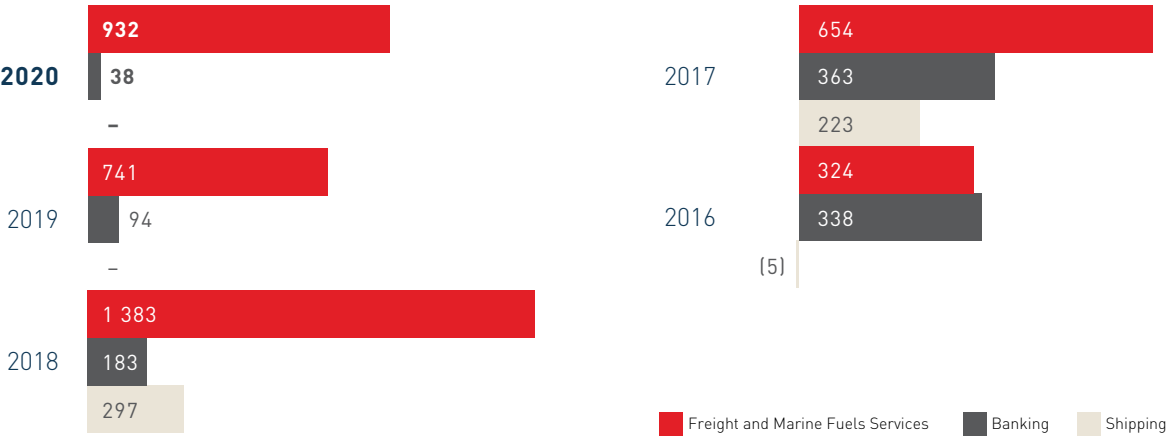
	Port and Terminals			Logistics			Bank		
	2020 Rm	2019 Rm	Growth %	2020 Rm	2019 Rm	Growth %	2020 Rm	2019 Rm	Growth %
Income statement									
Revenue	1 082	1 152	(6.1)	3 232	3 273	(1.3)	378	350	8.0
Trading profit	461	458	0.7	907	855	6.1	38	94	(59.6)
Operating income/(loss)	335	329	1.8	331	345	(4.1)	23	80	(71.3)
Share of associate companies' profit/(loss)	89	72	23.6	-	-	-	-	-	
Attributable profit/(loss)	226	175	29.1	137	134	2.2	38	83	(54.2)
Statement of financial position									
Non-current assets/ investments	2 469	2 625	(5.9)	3 063	3 332	(8.1)	79	1 176	(93.3)
Bank loans, advances and liquid assets	-	-	-	-	-	-	7 933	7 324	8.3
Current assets	339	400	(15.3)	1 221	1 267	(3.6)	2 775	3 291	(15.7)
Net cash including debt	255	515	(50.5)	635	459	38.3	908	3 557	(74.5)
Total assets	3 063	3 540	(13.5)	4 919	5 058	(2.7)	11 695	15 348	(23.8)
Equity	2 063	2 309	(10.7)	2 005	1 842	8.8	1 603	1 563	2.6
Net debt/deposits	656	825	(20.5)	1 325	1 630	(18.7)	9 959	11 956	(16.7)
Other liabilities	344	406	(15.3)	1 589	1 586	0.2	133	1 829	(92.7)
Total equity and liabilities	3 063	3 540	(13.5)	4 919	5 058	(2.7)	11 695	15 348	(23.8)

Revenue by division (Rm)



Group	Marine Fuel and Agri			Private Equity and Property			Total		
	2020 Rm	2019 Rm	Growth %	2020 Rm	2019 Rm	Growth %	2020 Rm	2019 Rm	Growth %
	57	42	35.7	11 505	16 041	(28.3)	116	77	50.6
	(50)	(1)	(4 900.0)	104	(628)	116.6	(490)	57	(959.6)
	(52)	(27)	(92.6)	98	(634)	115.5	(498)	56	(989.3)
	-	-	-	-	-	-	-	-	
	(71)	(76)	6.6	(70)	(916)	92.4	(675)	(16)	(4 118.8)
	1 242	1 326	(6.3)	134	512	(74.0)	1 629	1 935	(15.8)
	-	-	-	-	-	-	1 000	1 106	(9.6)
	707	919	(23.1)	1 608	2 094	(23.2)	(242)	(950)	74.5
	216	257	(16.0)	94	33	184.8	61	92	(33.7)
	2 165	2 502	(13.5)	1 836	2 639	(30.4)	2 448	2 183	12.1
	721	1 182	(39)	784	748	4.8	798	906	(11.9)
	1 327	1 254	5.8	-	157	(100)	1 418	942	50.5
	117	66	77.3	1 052	1 734	(39.4)	232	335	(30.7)
	2 165	2 502	(13.5)	1 836	2 639	(30.4)	2 448	2 183	12.1

Trading profit by division (Rm)

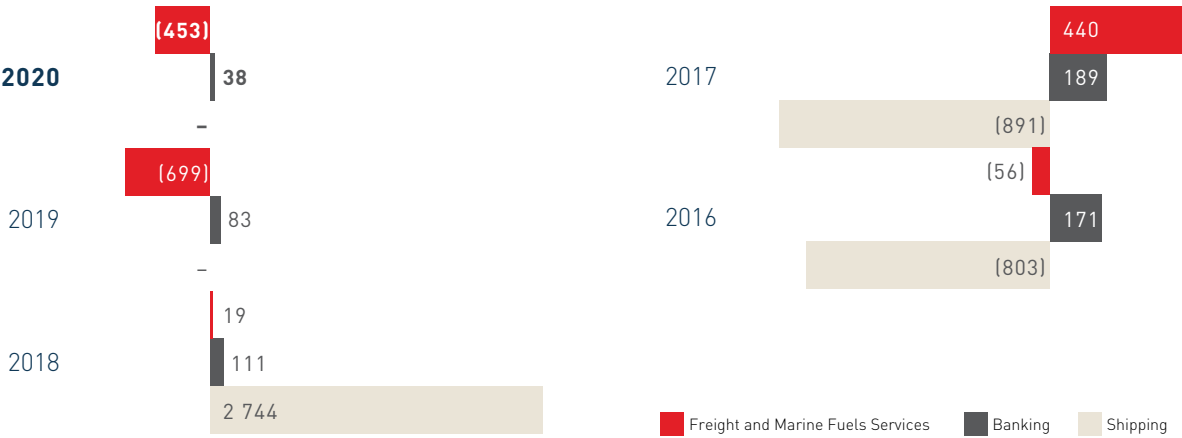


Our money continued

DIVISIONAL KEY RATIOS

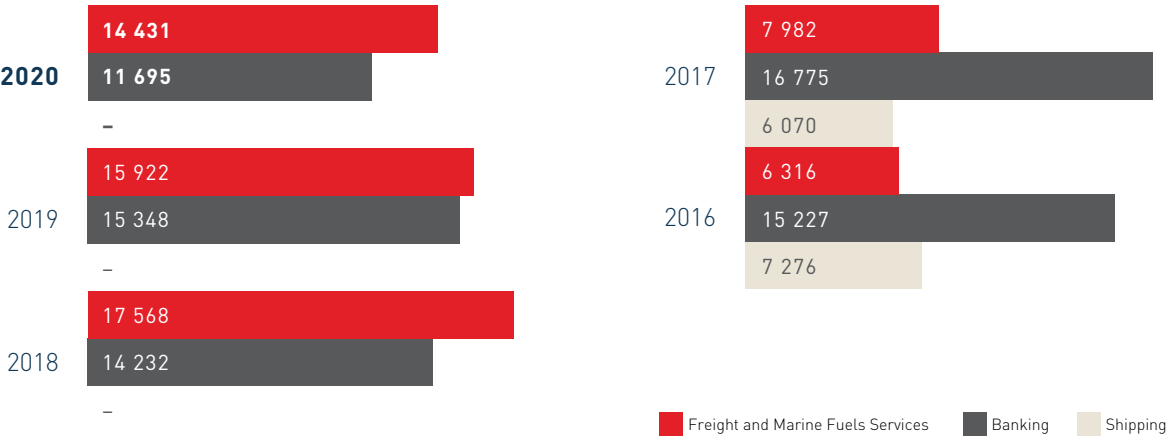
	Port and Terminals		Logistics	
	2020	2019	2020	2019
Return on ordinary shareholders' equity (%)	10.4	7.5	7.2	7.3
Operating margin (%)	31.0	28.6	10.2	10.6
Net debt: equity ratio	0.19:1	0.14:1	0.35:1	0.64:1
Return on net assets (%)	13.8	8.5	10.5	8.4
Attributable profit/(loss) per employee (R'000)	308	230	62	53

Attributable profit/(loss) by division (Rm)



	Bank		Marine Fuel and Agri		Private Equity and Property	
	2020	2019	2020	2019	2020	2019
Return on ordinary shareholders' equity (%)	3.0	7.4	(9.1)	(84.8)	(121.1)	(1.4)
Operating margin (%)	6.1	22.9	0.9	(4.0)	(429.3)	71.6
Net debt: equity ratio	(1.07):1	(1.14):1	(0.12):1	0.17:1	0.68:1	(0.43):1
Return on net assets (%)	0.2	0.5	(8.0)	(94.7)	(26.8)	3.0
Attributable profit/(loss) per employee (R'000)	195	205	(909)	(9 903)	-	-

Total assets by division (Rm)



OUR ASSETS (MANUFACTURED CAPITAL)

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

TERMINALS CAPACITY AND UTILISATION

	2020	2019	% change	Existing capacity
Terminal				
Dry bulk (tonnes)	9 396 223	10 082 575	(6.8)	15 150 000
Matola Coal Terminal ¹	5 501 651	5 898 684	(6.7)	7 300 000
Richards Bay	3 169 815	3 044 700	4.1	6 100 000
Walvis Bay (Namibia)	380 452	400 852	(5.1)	550 000
Maputo Terminal ^{1,3}	344 305	738 339	(53.4)	1 200 000
Port of Maputo (tonnes)²	18 383 144	21 065 452	(12.7)	–
Liquid bulk (m³)	546 459	251 000	117.7	703 572
Durban	289 479	143 000	102.4	446 592
Cape Town	256 980	108 000	137.9	256 980
Maputo automotive (number of vehicles)	15 667	16 966	(7.7)	120 000

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

² Includes volumes of Matola Coal Terminal.

³ Annual capacity is scalable to four million tonnes.

WAREHOUSE CAPACITY AND UTILISATION

	2020	Total capacity 2019	% change
Warehouse capacity			
Röhlig Grindrod – warehouse (pallet locations)	38 675	30 770	25.7
Intermodal – warehousing and mining minerals (m²)	71 000	36 000	97.2
Intermodal – container depots (TEU)	30 500	25 500	19.6
OACL – warehouse (m²)	112 824	112 394	0.4

Dry bulk terminal volumes ('000 tonnes)



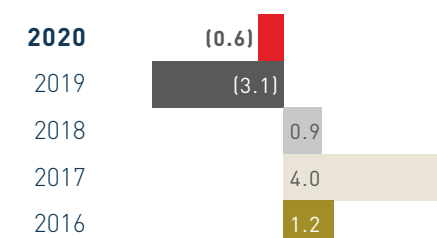
Liquid-bulk terminal volumes (m³)



Car terminal volumes (number of vehicles)



Return on net assets (%)



OUR SKILLS (INTELLECTUAL CAPITAL)

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

Grindrod manages its intellectual property throughout its businesses to protect and develop informational resources it has built up over decades and which is central to its overall success and the niche capabilities that determine its competitive advantage. Performance outcomes confirm the intellectual capacity in clusters of excellence and flag areas that may require attention.

Objectively determined incentives reward individual contributions to the business and ongoing training and skills development ensure ongoing development and protection of intellectual capital.

SKILLS DEVELOPMENT

Grindrod invested R6.4 million (2019: R11.8 million) in training and development, comprising formal training, professional development and on-the-job coaching, internally and through external service providers.

	2020	2019	% change
Training spend (Rm)	6.4	11.8	(45.8)
Average training spend per employee (Rand)	1 483	2 478	(40.2)
Training interventions attended (number)	1 083	1 904	(43.1)
Percentage of interventions attended by designated group employees	92	90	2.2
Learners attending learnership programmes (number)	153	190	(19.5)
Percentage of learners from designated groups	98	99	(1.0)

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

In addition, skills programmes, internship interventions, three-year apprenticeship programmes and our learnerships contribute towards the Grindrod B-BBEE scorecard. Learnerships are aimed at employees, disabled employees and unemployed youth.

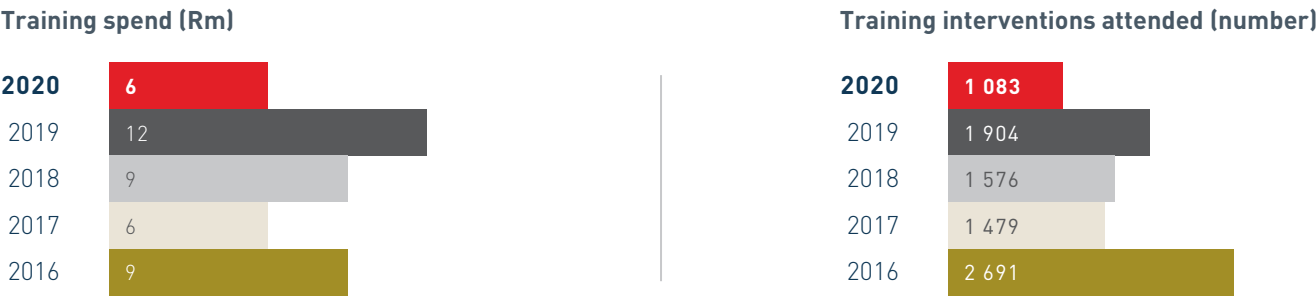
In 2020, most of the learnerships were managed in partnership with external, qualified providers. The learnerships programme focuses on business practice, management development and domestic services for learners with disabilities.

In response to the strain placed on the delivery of learnerships and apprentice programmes by COVID-19 restrictions, blended learning platforms were developed to ensure that the relevant number of notional hours and effective learning takes place where virtual classes are possible. On-line learning also reduces the cost of the training programmes.

15 interns were selected for a 12-month workplace experience opportunity in 2020. They are absorbed into Grindrod when they qualify and meet job requirements.

32 apprentices are currently in the process of completing a three-year programme in partnership with a training institute. These programmes are focused mainly on young unemployed youth, who are on successful completion absorbed into Grindrod operations where possible. Two apprentices qualified in 2020 – one electrical and one millwrighting.

The 2021 apprenticeship programme has eight electrical, three welding and 21 boilermaker candidates.



IT enables the application of intellectual capacity. The function provides, manages and protects hardware and applications through three focus areas: risk and governance, networks and architecture, and business applications.

In the risk and governance function a security officer was appointed to proactively manage the threat of cyber breaches and create user awareness of the severity of the risk. Additional firewalls were added to the networks to combat unauthorised access and user awareness tools and training were rolled out. Governance improvements included risk evaluations, updating policies, implementing uniform download and access measures and ensuring that Grindrod complies fully with the Protection of Personal Information Act by July 2021.

Networks and infrastructure comprise a Grindrod centre of excellence in terms of security, connectivity and bandwidth. In 2020, the server network was outsourced to a specialised hardware and service provider to improve the focus on this essential business service. This arrangement established dedicated active and back-up servers at remote locations, with round-the-clock monitoring and antivirus and firewall management in appropriately secured and controlled facilities. The help-desk function was also outsourced to improve service response time. Queries are addressed by the service provider or IT, depending on the nature of the action required. Employee laptops and office computers remain under IT management and supplier arrangements have been concluded to save costs.

Business applications are mainly the specialised SAP, SharePoint and financial software, but include any programme that generates data the business requires. By outsourcing the time-consuming, routine function of hardware management and maintenance, IT can increase its focus on improving value-add from mere maintenance to a business partner in the provision of appropriate, innovative, automated and time-saving solutions.

IT was adequately resourced and prepared to address the challenge of enabling people to work from home at short notice when the COVID-19 lockdown was enacted. Additional security measures were implemented, equipment sourced and connectivity challenges addressed. The lockdown accelerated the move to the virtual working environment, which included the implementation of digital e-signature transacting and developing solutions to host up 400 people simultaneously in separate online meetings.

OUR PEOPLE (HUMAN CAPITAL)

Knowledge plays a crucial role in personal and business success. Knowledge – which is the culmination of learning, abilities, talents, skills, judgement, wisdom, creativity and experience – enables people to create and manage assets, goods and services to achieve corporate and personal goals. Grindrod’s commitment to its people is to foster human safety and well-being and to optimise their input through investments in training, education, appropriate working conditions and fair and equitable treatment and remuneration.

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

COVID-19

Human Resources reacted swiftly to the threat of the COVID-19 pandemic and the national state of disaster that was declared in South Africa to enforce lockdown procedures towards the end of the first quarter. In line with Grindrod’s commitment to manage safety and health issues with zero tolerance, the objective of its response to threat was to ensure the safety and well-being of employees and contractors and their families, to guide and support the operations to implement the required safety measures uniformly and effectively, to assess and manage risk and to ensure business continuity and sustainability.

The outcome of the interventions resulted in zero confirmed transmissions at work, although 180 employees tested positive, with an overall recovery rate of 79% by year end. We are greatly saddened by the passing of four of our staff members due to COVID-19 infection.

At the onset of the lockdown period, HR assisted with obtaining service permits for employees who were required to continue working to maintain essential services. It also developed and updated as the lockdown restrictions were eased:

- guidelines for employee and visitor screening, and isolation, quarantine and treatment protocols;
- guidelines for attending mass gatherings or large meetings; and
- tips and guidelines for managing employees who work from home.

Throughout the lockdown, the implementation of the COVID-19 protocols at operations were monitored and audited to ensure regulatory compliance.

Questionnaires were developed for employees working remotely and used to assess the risk to their safety and wellness.

Following the implementation of the level 1 lockdown, which allowed employees to return to work, all employees in the vulnerable 60+ age group were assessed in conjunction with SHERQ managers and employee-wellness organisation CareWorks. Where required, vulnerable employees are accommodated through remote working or by being put in areas where the risk of exposure is low.

COVID-19 support to operations and employees include:

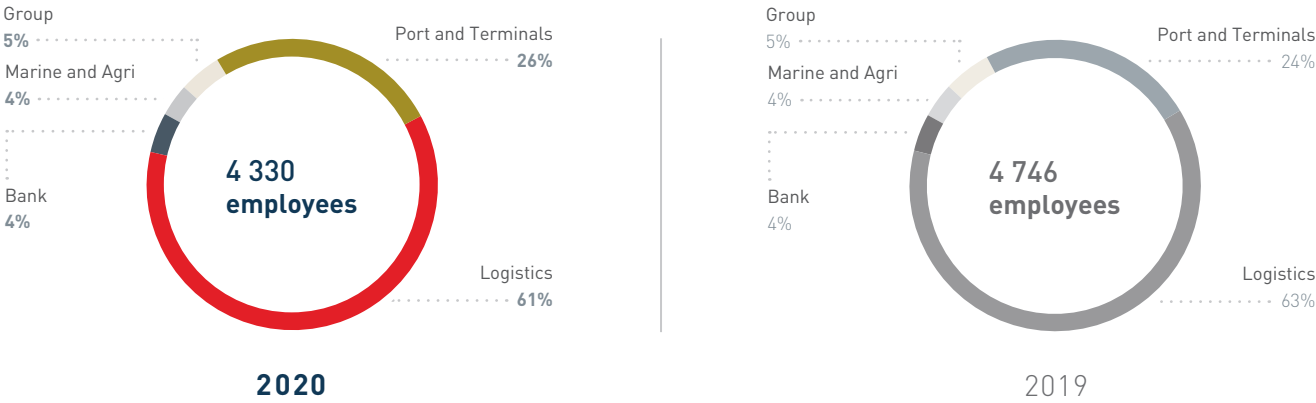
- developing a manager’s handbook containing relevant policies, guidelines, posters, templates, checklists and other COVID-19-related information line managers need to be aware of whilst managing operations during the pandemic;
- directly and indirectly assisting with communication between unions and employees;
- implementing manager and supervisor training for virtual discipline management;
- arranging a contribution holiday for provident fund payments to reduce the impact on employee net pay because of austerity measures which were in effect from April to July; and
- providing ongoing mental-health support for employees through webinars and online information, supported by anonymous access for employees to ICAS, third-party provider of preventative care and counselling services.

Business sustainability measures supported by HR included assistance with restructuring processes and processing applications for temporary employer relief from the UIF for certain operations.

EMPLOYEE COMPLEMENT

Country	2020	2019	% change
South Africa	2 615	2 958	[11.6]
Rest of Africa	1 496	1 575	[5.0]
Asia	160	130	23.1
Middle East	12	17	[29.4]
Europe	13	19	[31.6]
North America	3	5	[40.0]
South America	5	13	[61.5]
Australia	26	29	[10.3]
Total	4 330	4 746	[8.8]

Employees by business area (%)



Our people continued

Employee turnover for 2020 was low at 5.1% (2019: 5.5%). The movements (expressed as a percentage of turnover) by division for 2020 were as follows:

	Division			Gender	
	Port and Terminals and Logistics	Bank	Total	Male	Female
Retirement	15	3	18	14	4
End of contract	113	4	117	86	3
Resignation	66	26	92	56	36
Redundancy	166	3	169	131	38
Dismissal	55	–	55	52	3
Death	12	2	14	11	3
Other	7	1	8	8	–
Turnover of employees (%)	3.71	1.37	5.08	3.25	1.83

SAFETY AND HEALTH

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

At divisional level, safety, health, environment, risk and quality (SHERQ) is overseen by committees chaired by the CEOs of Grindrod and the Bank, reporting to the Social and Ethics committees. Businesses conduct monthly meetings in which all staff, from shopfloor to management, are represented. This focus is entrenched by the incorporation of safety as a KPI at management level.

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

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

In terms of regulatory requirements, all safety and health incidents are reported, investigated and corrective actions implemented to minimise the possibility of re-occurrence. Perceived risks are managed pro-actively and employees are urged to report safety and health threats to them or their colleagues and refrain from working in areas where threats are perceived.

We were saddened by the fatality suffered in Namibia when Grindrod Stevedoring employee, Mr Moses Uiseb, was struck by a truck. The incident happened on 17 April 2020 while trucks were being discharged from a vessel. During the process of jumpstarting one of the discharged trucks, it veered forward, causing Mr Uiseb to sustain fatal injuries. The fatality was reported to the relevant authorities, Grindrod engaged with the family, performed a thorough investigation into the incident and conducted re-training to avoid reoccurrences.

The benchmark safety indicator at operational level, LTIFR, improved to 0.60 (2019: 1.21) incidents per 200 000 hours worked at Logistics and to 0.46 (2019: 0.33) at Port and Terminals. Bank again reported zero incidents.

Key performance indicators	2020	2019	2018	2017	2016
Port and Terminals and Logistics					
Fatalities	1	1	1	2	–
SHERQ spend (R'000)	71 060	49 828	55 674	28 409	31 354
First aid cases	12	21	31	55	68
Lost-time incidents	26	44	28	39	42
LTIFR	0.58	0.88	0.62	0.86	0.65
Bank					
Fatalities	–	–	–	–	–
SHERQ spend (R'000)	882	25	11 537	–	12 000
Medical treatment cases	–	–	–	–	–
Lost-time incidents	–	–	–	–	–
LTIFR	–	–	–	–	–

Following a focused SHERQ workshop held in December 2019, attended by SHERQ professionals from across the Group, the SHERQ strategies for the Port and Terminals and Logistics divisions were reviewed and improved. Improvements in the strategy centre around measures to ensure that practical, timely and measurable integration of SHERQ requirements into business procedures and processes are achieved, recorded and reported to leadership teams.

Ongoing initiatives include reviews of and improvements to policies, standards and protocols, also with the aim to achieve standardisation across businesses. The standardisation drive includes the development of uniform risk registers and investigations into the amalgamation of ISO certifications into one management system.

Initiatives that have been postponed to 2021 because of the COVID-19 disruptions include skills benchmarking for SHERQ positions and a structured change management process to better equip line management and supervisors to address resource challenges, manage safety and risk and address changes as a result of new equipment or ways of working.

PEOPLE DEVELOPMENT

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

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

B-BBEE initiatives facilitate the empowerment of historically disadvantaged South Africans through implementation of strategies targeting improvement of black business ownership – notably black-women ownership, skills development, preferential procurement practices, support of new and existing black businesses and socio-economic development in surrounding communities. The current Level 2 B-BEE scorecard is available on the [Grindrod website](#). Grindrod Bank adheres to the financial-sector codes, with a Level 2 rating.

Our people continued

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

Skills development supports transformation and business goals and professional and personal advancement. During the year 1 083 employees (2019: 1 904 employees) underwent training interventions, of whom:

- 92% (2019: 90%) were designated employees; and
- 153 (2019: 190) underwent learnership training.

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

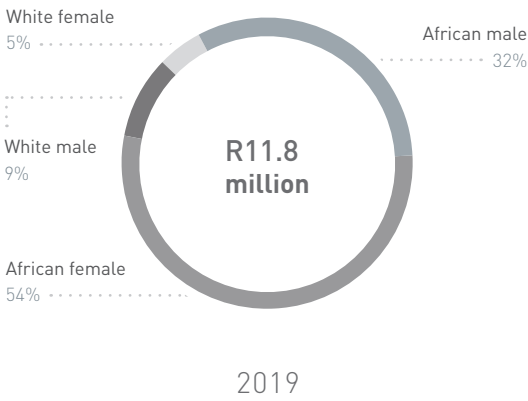
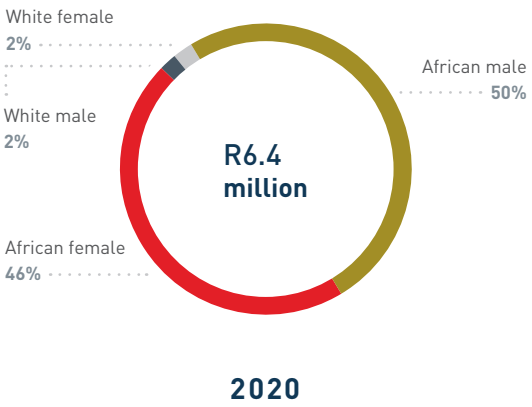
HR guides reporting entities to meet the procedural requirements of managing transformation as stipulated by the Employment Equity Act and Grindrod engages with the DOL on its transformation initiatives. Optimum indigenisation in the countries in which Grindrod operates is a priority.

GENDER EQUALITY

Grindrod established a gender equality forum and conducted a gender equity survey to focus its efforts on achieving equity objectives. Managed by a third party, the survey indicated that gender equity challenges should be addressed transparently, gender wage gaps should be tracked and addressed, adequate mentorship programmes should be available to women and information on examples of gender success should be shared across the group.

HR is integrating gender equity plans and strategies with divisional employment equity plans, in close consultation with operational HR and EE managers.

Training spend by demographic grouping (%)



OUR RELATIONSHIPS (SOCIAL AND RELATIONSHIP CAPITAL)

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

Grindrod acknowledges that its success is driven by the well-being of its material stakeholders and that it should be cognisant of their legitimate and reasonable needs to create value in a sustainable way. Its approach to relationships is based on the King IV Report, which recognises that stakeholder inclusivity and sustainable value creation are interdependent and interconnected to one another.

The Group uses a risk-based approach to identify and prioritise mutually relevant critical and material stakeholder issues.

The identification process considers groupings:

- to whom Grindrod is legally, financially or operationally responsible;
- who are affected by Grindrod's operations; and
- who are likely to influence Grindrod's performance.

Prioritisation is based on factors such as the stakeholders' influence on Grindrod, the extent to which they are affected by operations and their material issues and expectations.

This process is ongoing and its outcomes are updated in the Grindrod stakeholder engagement framework, according to, amongst others, gap analyses of engagement methods and outcomes and mutual expectations.

Based on this structured approach, Grindrod has identified four major stakeholder groupings, which are included in its communication framework as seven sub-groupings, with detailed engagement criteria.

OUR PEOPLE

Interaction aims to ensure an understanding of employee and community expectations, interests, aspirations and frustrations, thereby working towards the optimisation of professional and personal development of employees and an understanding of mutual advantages in a sustainable business-community interaction that contribute to the well-being of stakeholders.

- Employees: 4 330 employees on four continents who drive the success of the business and shared in R1 790 billion of the wealth distributed.
- Trade unions and bargaining councils: 14 unions (to which 798 employees belong) and three councils (337 employees) in South Africa, Namibia, Botswana and Mozambique that help ensure the well-being of our employees.
- Communities: Residents in communities adjacent to our areas of operation.

INVESTORS

Grindrod's investor relations policy aims to share strategic, financial and operational news to foster understanding of the business and its goals, successes and challenges, to optimise mutual business commitment, to negotiate and manage integrated services and to drive optimum value creation from complementary infrastructure assets.

- Funders of the business: 7 895 ordinary and 1 765 preference shareholdings as at 31 December 2020.
- Business partners: Stakeholders, including 12 joint ventures, which have a vested interest in the success of the business through integrated services and complementary infrastructural assets.
- Decision-makers: The wider investment community, analysts, financial press, management and insurers.

BUSINESS ENABLERS

Stakeholders are engaged through all communication channels to ensure that Grindrod strategies and operations remain aligned to customer requirements and expectations and that procurement management and improvements are transparent, with relationships continually assessed within ISO 9001 quality criteria.

- Customers: More than 6 000 customers within integrated supply chains, generating revenue earnings of R3.75 billion (2019: R3.83 billion) for Grindrod.
- Suppliers: More than 2 120 suppliers in the procurement chain.

LEGISLATIVE AND GOVERNANCE BODIES AND CIVIL SOCIETY

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

- Government departments and regulatory bodies: National and local government departments and regulatory bodies across 23 countries. In South Africa, these include the SARB, FSCA, JSE and PA.
- Business associations: Organisations that further the objectives of sound governance and sustainability, including the National Business Initiative (NBI), the Institute of Directors of Southern Africa (IoDSA) and the South African Institute of Chartered Accountants (SAICA).
- Non-government organisations: Bodies that target societal sustainability, such as Adopt-a-School, the Cyril Ramaphosa Education Trust, Rise Against Hunger, the Wildlife and Environment Society of South Africa (WESSA), Wildlands Trust, the SA SME Fund and the Domino Foundation.

Our relationships continued

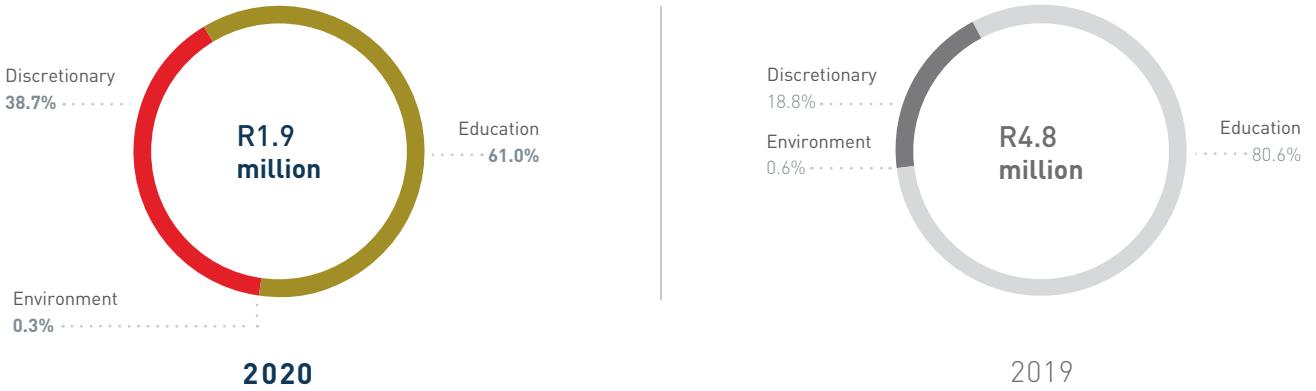
Stakeholder	Description	Engagement	Issues raised/ requirements	Planned response
Employees	Employees are the cornerstone for the sustainable development and key to business growth and performance	<ul style="list-style-type: none">Internal communicationIntranet and electronic communicationWorkshops and webinarsCEO roadshowsCEO Vimeo videos	Provision of: <ul style="list-style-type: none">Safe working environmentEmployment securityCompetitive remuneration/living wageWorkplace transformationInformation and communicationParticipation and empowermentInformation on strategy and direction	<ul style="list-style-type: none">Continued investment through training and developmentStrategic transformation targetsTalent pipelineBursary schemesMedical aid assistanceLiving wage adjustments
Investors	Investors support long-term growth. Grindrod follows the King IV approach that a company adopts a pro-active investor relations (IR) engagement process with stakeholders, including shareholders, analysts and asset managers. Management proposed a plan to increase and enhance communication with these stakeholders	<ul style="list-style-type: none">Investor relations presentationsMediaSENSWebsiteConferencesRoadshowsSite visits	Sustainable growth and return on investment through: <ul style="list-style-type: none">Sustainable returnsSupportive regulatory and business environmentFuture growthNet asset value to share price equity	<ul style="list-style-type: none">Participate in IR conferencesAssess needs of IR stakeholders through independent interviews to perform a gap analysis on communication, reporting enhancements, risk analysis, valuation clarifying information and the need for deeper engagement, such as site visitsRespond to the gap analysisDevelop and enhance IR website toolsCreate an investor communication databasePerform an independent evaluation of Grindrod investor presentations
Providers of financial capital	Providers, such as banks, contribute to value and growth	<ul style="list-style-type: none">IR presentationsMediaSENSWebsiteConferencesRoadshows	<ul style="list-style-type: none">Sound management and growthGood corporate governanceDue diligenceCompliance with regulatory requirements	<ul style="list-style-type: none">Share requirements, targets and mutual benefits as required
Customers	Provide integrated customer solutions that push beyond the impossible to match and exceed customer expectations	<ul style="list-style-type: none">Site visitsMeetingsPerformance audits	<ul style="list-style-type: none">Reliable servicesCompetitive pricingLong-term security of supplyConsistent supplyInnovative ad-hoc solutions	<ul style="list-style-type: none">Proactive and reactive interaction to cement sustainable relationsForming partnerships to improve resource efficiencies and sustainability

Stakeholder	Description	Engagement	Issues raised/ requirements	Planned response
Suppliers	Form long-term, sustainable and mutually beneficial relationships with suppliers and within Grindrod's supply chain	<ul style="list-style-type: none">Site visitsMeetingsPerformance audits	<ul style="list-style-type: none">Work with suppliers to strengthen commitment to sustainability and ESG performance, aligned with Grindrod's responsible purchasing standards and supplier performance management system	<ul style="list-style-type: none">Focus on economic development spend to help grow SMMEsEstablish supply contracts, with performance management metricsFoster partnerships and mentoring as required
Government and legislative bodies	Stakeholders include local, regional and municipal governments, the JSE, TRP, Competition Commission, SARS, Prudential Authority and Transnet	<ul style="list-style-type: none">Routine engagement through required reports and submissions, and ad-hoc engagement to raise or respond to issues	<ul style="list-style-type: none">Achieve compliance in all aspects related to governance, the environment and society	<ul style="list-style-type: none">Skills developmentTransformationEmployment equityGender diversity
Community	Build and nurture relationships with the communities Grindrod operates in and contribute to transformation through CSI initiatives	<ul style="list-style-type: none">MediaOutreach programmes	Continued contribution to community interest and well-being through: <ul style="list-style-type: none">Support for key community initiativesSponsorships and donationsEmployment opportunitiesSupport for environmental initiatives	<ul style="list-style-type: none">Continued commitment to established and strategic CSI projectsReduced carbon emissionsImproved water and waste management

SOCIAL INVESTMENT

Grindrod's social investments favour education and environmental projects. Total contributions amounted to R1.9 million (2019: R4.8 million), including Adopt-A-School (R324 056), CRET (R370 000), the Wildlands Conservation Trust Blue Fund (R300 000), Thembelihle Primary School (R350 000) and the International Association for Human Values (R50 000). A contribution of R500 000 was also made to the government's COVID-19 solidarity fund.

Social responsibility spend (%)



OUR ENVIRONMENT (NATURAL CAPITAL)

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

Grindrod’s environmental management is guided by international best practice and based on ISO 14001 criteria with established and integrated safety, health, environmental and quality management systems which are subject to regular audit. The management systems ensure a prioritised approach to environmental risk management, which includes ongoing training and awareness.

VISION 2020

Grindrod implemented its Vision 2020 environmental policy in 2012, which was designed to achieve measurable, incremental goals well within legislative requirements. It contains specific emission-related objectives, based on the international GHG Protocol, which provides accounting and reporting standards for the management of GHG emissions. Freight Services account for approximately 98% of the Grindrod carbon footprint.

The values reported in the table below measure Grindrod’s performance based on a year-on-year reduction target of 1%.

	Base year figure according to 2015	2015 figure	2019 figure	2020 figure	% change against 2015 figure	% against base year figure
Target						
Reduce normalised overall group emissions CO ₂ e per rand revenue by 10% (gCO ₂ e per Rand revenue)	9.8	52.46	47.32	41.64	(20.6)	324.9
Reduce land-based GHG emissions per km by an average (across the transport fleet) by 10% (kg CO ₂ per km)	1.4	1.06	1.14	1.09	2.8	(22.1)
Reduce normalised land-based Scope 2 electricity consumption in machinery and buildings on property owned and operated by Grindrod usage by 20% (kWh per FTE)	3 736	2 706	3 668	3 690	36.4	(1.2)

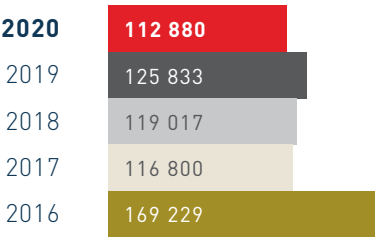
All statistics and reports on environmental activities are compiled in line with requirements of the GHG Protocol, King IV, the TCFD (Task Force on Climate-related Financial Disclosures) and other benchmarks to achieve meaningful integrated reporting for natural capital. Carbon and climate change advisory firm Promethium Carbon reviews the calculation of GHG emissions, which is performed internally. Grindrod’s internal audit function performs limited assurance on selected sustainability performance indicators as presented in this integrated annual report.

KEY PERFORMANCE INDICATORS

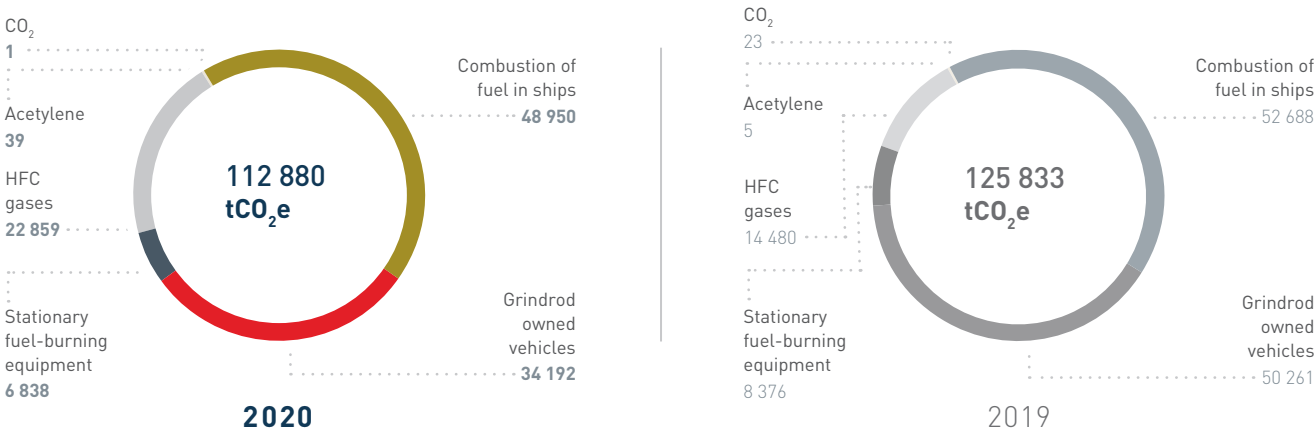
Key performance indicator	2020	2019	2018	2017	2016
Scope 1 and 2 GHG emissions (tonnes CO ₂ e)	128 174	142 899	134 427	132 354	183 361
Total GHG emissions including scope 3 (tonnes CO ₂ e)	156 200	181 437	169 611	140 236	190 777
SO _x emitted (tonnes)	20	18	16	16	16
NO _x emitted (tonnes)	415	689	619	613	614
Electricity efficiency (kWh/FTE)	3 690	3 668	3 536	3 515	3 197
Total water usage (kl)	146 911	112 904	150 254	97 002	132 140
Total solid and liquid waste generated (tonnes)	15 393	7 332	9 441	12 650	7 366

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

Grindrod Scope 1 emissions footprint (CO₂e) over five years



Grindrod Scope 1 footprint (tonnes CO₂e) per activity



Our environment continued

2025 CLIMATE CHANGE AND ENVIRONMENTAL POLICY

In 2020, Grindrod’s Social and Ethics committee approved the Grindrod 2025 Climate Change and Environmental Policy. It establishes the guidelines for the management of the environmental impacts of the business up to 2025 and reconfirms the importance of governance in Grindrod’s environmental and sustainability management framework.

The policy is based on international best practice, building on the recommendations of the TCFD, but focusing on strategic objectives and the operating realities of the markets within which Grindrod operates. Recognising that business strategy must dynamically adjust to changing internal and external conditions, the following considerations form part of developing, reviewing and implementing the business strategy:

- Operational units are determining which metrics and targets are relevant to their core business, devise specific environmental targets and keep a watch list of environmental risk variables.
- At Group level, metrics and targets will be integrated into the business strategy.
- Environmental metrics and targets across the business will be reviewed and updated regularly.

The policy targets five key areas of focus:

- **Water.** Being a critical resource, Grindrod acknowledges its impact on how water is used and can be conserved.
- **Greenhouse gas emissions.** Grindrod monitors its Scope 1 and Scope 2 emissions and set specific targets to move towards carbon neutrality in the long term.
- **Waste.** Grindrod recognises the role of sustainable waste management in contributing towards a circular economy. Hazardous materials and waste are stored, used, managed and transported according to procedure and under controlled conditions.
- **Energy and fuel.** Grindrod aims to achieve carbon neutrality in the long term, in acknowledgement of the role that fossil fuels and the combustion of these fuels play in terms of climate change.
- **Renewable energy.** Grindrod will investigate the feasibility of appropriate renewable energy options for its businesses.

Following the decision to move towards a more project-orientated approach to target the optimum management of electricity and water consumption and waste, Grindrod discontinued its submissions to the voluntary Carbon Disclosure Project, but continued to provide more information in our Environmental Supplement, available on the website.

ENVIRONMENTAL PROJECTS

Terminals

Investigations into the feasibility of implementing solar power were conducted at several businesses. Whilst installations offering impactful solutions could not be identified at TCM and Walvis Bay, options for the Richards Bay sites are being investigated.

Similarly, the use of alternative water sources to reduce reliance on municipal water resources was investigated. Detailed integrated water management solutions are being developed in consultation with external water treatment specialists for the Richards Bay sites.

Terminals have implemented an integrated approach to monitor environmental impacts on a centralised system that reports on water, electricity and fuel consumption in comparable formats. This integrated approach will be expanded to other Logistics businesses.

Intermodal

The implementation of research into water, solar, waste recycling and circular economy projects at Intermodal businesses is scheduled for 2021.

Automotive

The newly developed Camperdown AutoPort, of which the first phase has been commissioned, offers the potential to initiate a three-pronged approach to execute on energy, water and waste management. The aim is to establish a green facility featuring rainwater harvesting, recycling of water at vehicle wash bays, the installation of solar energy and sustainable waste management. In the process of development, indigenous vegetation, natural lighting and the use of on-site materials in the construction and landscaping process are considered. In addition, nearly 200 trees have been planted to boost the biodiversity in and around the facility.

The configuration of the planned solar installation will be decided on when the electricity base load has been established. It is expected that solar electricity will contribute a saving of 175MWh a year on Eskom power.

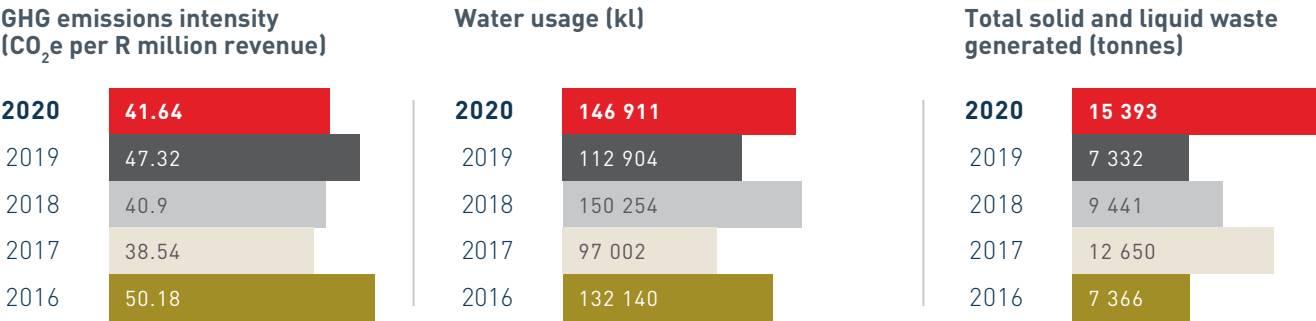
An integrated water management system, which harvests rainwater and recycles grey water where appropriate, can provide water that exceeds the estimated peak water consumption for nine months of the year, saving the facility an estimated 9.3 million litres of municipal water a year.

Recycling of the protective plastic wrapping on imported vehicles can result in 5.1 tonnes of plastic being recycled per year. This project has already been launched in cooperation with an NGO.

Road transportation is investigating the economic feasibility of installing hybrid fuel technology in vehicles.

Bank

At Bank, the Credit Policy was amended to include environmental and social risk assessment criteria as a mandatory process for all lending transactions.





GOVERNANCE REVIEW

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DIRECTORATE AND EXECUTIVE COMMITTEE

as at 31 December 2020



Mike Hankinson 71
Non-executive chairman

BCOM; CA(SA)

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

He is a former non-executive director of numerous listed and unlisted companies, served as chairman of the Spar Group from 2004 until 2021 and previously as CEO of Romatex Limited and Dunlop Tyres International Proprietary Limited.

MIC, CNC, MRC, MSE, MRI



Andrew Waller 58
Executive director and CEO

CA(SA)

Appointed 1 March 2011
Andrew joined Grindrod Limited in 2011 as financial director, after working at Deloitte & Touche in Scotland and South Africa for 15 years.

He was appointed as CEO on 1 September 2018 and serves as a director on the boards of various local and international Grindrod Limited subsidiaries.

He serves as a non-executive director of the Spar Group Limited.

CEC, CIC, MSE, MRI



Nkululeko Sowazi 57
Lead independent non-executive director

MA (UCLA)

Appointed 25 February 2014
Chairman of Kagiso Tiso Holdings (KTH), a leading South African diversified investment holding company and chairman and co-founder of Tiso Investment Holdings, a diversified investment holding company.

He is currently a non-executive director of MTN Group, Tiso Blackstar Group SE(UK) and industrial conglomerate Bud Group.

He is a co-founder trustee of the Tiso Foundation and chairman of Housing for HIV Foundation based in Washington D.C.

MIC, CNC, MRC, MSE, MRI

Committees key

MAC Member of the Audit committee | **MEC** Member of the Executive committee | **MIC** Member of the Investment committee
MNC Member of the Nomination committee | **MRC** Member of the Remuneration committee | **MRI** Member of the Risk committee
MSE Member of the Social and Ethics committee | **CAC** Chairman of the Audit committee | **CEC** Chairman of the Executive committee
CIC Chairman of the Investment committee | **CNC** Chairman of the Nomination committee | **CRI** Chairman of the Risk committee
CSE Chairman of the Social and Ethics committee



Fathima Ally 40
Executive director and CFO

CA(SA)

Appointed 1 September 2020
Fathima spent 18 years at Deloitte & Touche before being appointed as the CFO of Grindrod on 1 September 2020.

She has extensive audit and assurance experience, having worked with multi-national listed companies across various industries.

MEC



Grant Gelink 71
Independent non-executive director

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

Appointed 1 January 2013
Non-executive director of Altron Limited, MTN Zhakele Limited and First Rand Limited.

Grant has had extensive work experience with Deloitte & Touche which spans over 26 years and he served as chief executive from 2006 until his retirement from the firm in 2012.

CAC



Walter Grindrod 54
Non-executive director

Appointed 22 August 2019
Walter joined Grindrod in 1990 and worked across numerous divisions, covering services offered by Grindrod in warehousing and container services, road transportation, marine tally, ships agency and Unicorn coastal service.

He was executive director for Grindrod International Freight, which later became Röhlig-Grindrod, from 1999 to 2007. He was appointed head of business development for Grindrod in 2007.

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

MIC, CSE

Directorate and Executive committee continued



Ben Magara 53
Independent non-executive director

BSC MINING ENGINEERING (HONS)

Appointed 30 January 2020
Founder and chairman of Africa Mining and Metals Group and former executive of Anglo American and CEO of Lonmin Plc, with extensive executive experience in the mining industry.

MRI



Xolani Mbambo 46
Executive director

CA(SA)

Appointed 1 September 2018
Xolani joined Grindrod Limited in 2013 as CFO for Freight Services and held the position of Group Financial Director from 1 September 2018 to 31 August 2020. Xolani moved into operations and was appointed CEO of Freight Services in February 2021.

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

MEC, MRI



David Polkinghorne 56
Executive director

BCOM; MA (Oxon)

Appointed 22 November 2006
Chief Executive Officer of Grindrod Bank Limited, director of companies, trustee of various charitable trusts and foundations and chairman of the Grindrod Provident Fund.

David has been involved in the financial services sector for 30 years. He has had exposure to all areas of corporate and investment banking and, in particular, has extensive experience in commercial property finance, private equity and corporate finance.

MEC, MRI



Pieter Uys 58
Independent non-executive director

MSC; MBA

Appointed 30 August 2013
Director of major local and international companies and also serves on the Remgro Management Committee. Pieter is a former CEO of Vodacom Limited.

MIC, MNC, CRC, CRI



Willem van Wyk 42
Independent non-executive alternate director

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

Appointed 30 January 2020
Corporate investment manager at Remgro, with experience in tax, due diligence and valuations, across a wide range of industries.

MAC



Zimkhitha Zatu 37
Independent non-executive director

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

Appointed 30 January 2020
CEO and shareholder of Mathupha Capital and non-executive director of Sun International Limited and SAFCOL SOC Limited.

Board member of various trusts and organisations.

MAC, MSE

Directorate and Executive committee continued

BOARD PROFILE – AS AT 31 DECEMBER 2020

	Independent non-executive directors	Non-executive directors	Executive directors	Board and Executive Committee
By race group and gender				
African female	8.33%	–	–	8.33%
African male	16.67%	–	8.33%	25.00%
Coloured male	–	–	–	–
Indian female	–	–	8.33%	8.33%
Indian male	8.33%	–	–	8.33%
White male	16.67%	16.67%	16.67%	50.01%
By age group				
30 to 50 years old	16.66%	–	16.67%	33.33%
>50 years old	33.33%	16.67%	16.67%	66.67%

Board tenure

	Independent non-executive directors	Non-executive directors	Executive directors	Total
0 – 3 years	25.00%	8.33%	16.67%	50.00%
4 – 9 years	25.00%	–	–	25.00%
More than 9 years	–	8.33%	16.67%	25.00%

ATTENDANCE AT MEETINGS

	Board A/B	Executive committee A/B	Social and Ethics committee A/B	Audit committee A/B	Risk committee A/B	Investment committee A/B	Nomination committee A/B	Re- muneration committee A/B	Reason for non- attendance
FB Ally ¹	2/2 ⁶	2/2 ⁶	1/1 ⁵	1/1 ⁵	1/1 ⁵	1/1 ⁵		1/1 ⁵	
MR Faku ²	5/5								
G Gelink	5/5			4/4		1/1 ⁵			
WJ Grindrod	5/5		2/2			3/3		1/1 ⁵	
MJ Hankinson	5/5		2/2	3/3 ⁵	2/2	3/3	2/2	3/3	
B Magara	5/5				2/2				
XF Mbambo	5/5	5/5	2/2 ⁵	4/4 ⁵	2/2	2/2 ⁵			
DA Polkinghorne	5/5	5/5			2/2	1/1			
NL Sowazi ⁷	4/5				2/2	1/1 ⁵	2/2	3/3	Prior commitment
PJ Uys	5/5			2/2 ⁵	2/2	3/3	2/2	3/3	
WO van Wyk ^{3, 8}	5/5			4/4	2/2 ⁵	1/1 ⁵			
AG Waller	5/5	5/5	2/2	4/4 ⁵	2/2	3/3	2/2 ⁵	3/3 ⁵	
ZP Zatu ⁴	5/5		2/2	4/4					

A indicates the number of meetings which the director attended.

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

¹ Appointed as executive director and CFO on 1 September 2020.

² Retired as independent non-executive director on 2 December 2020.

³ Appointed as independent non-executive alternate director on 30 January 2020.

⁴ Appointed as independent non-executive director on 30 January 2020.

⁵ Attended by invitation.

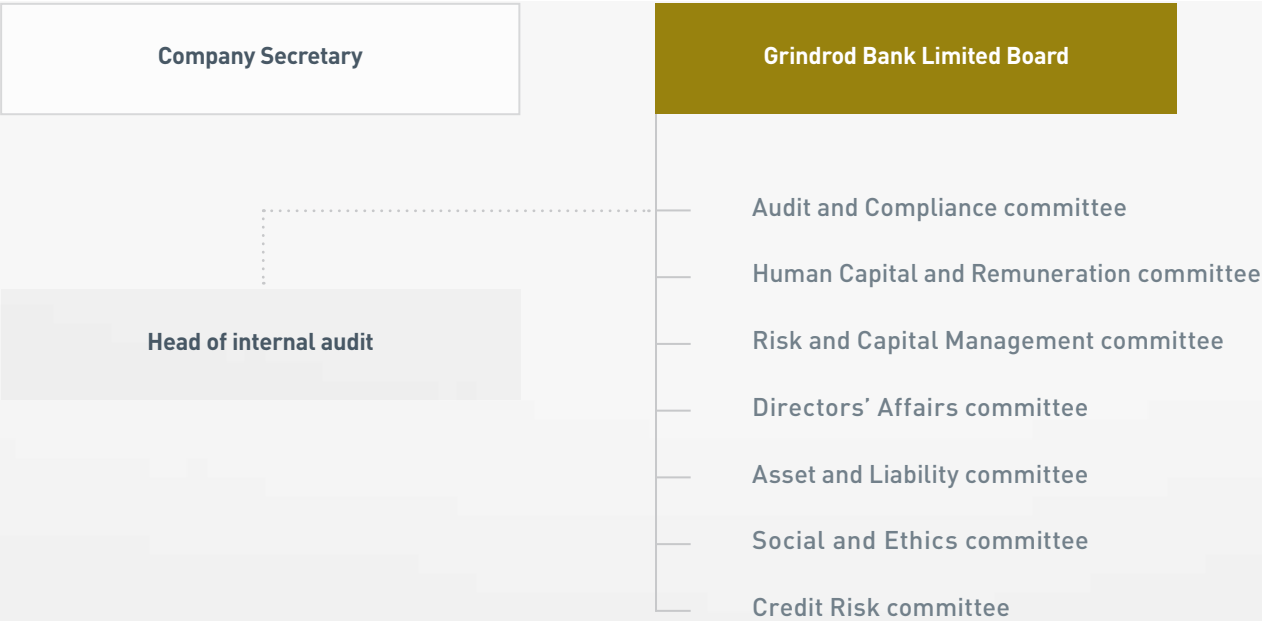
⁶ Attended one Board and one Executive committee meeting by invitation prior to appointment as executive director.

⁷ Lead independent non-executive director.

⁸ Alternate director.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE



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

The governance framework is aligned to Grindrod's six core values of transparency, respect, integrity, professionalism, fairness and accountability. These values underpin four focus areas which Grindrod regards as core considerations in its drive to achieve business and social sustainability, namely health and safety, people, the environment and communities. Grindrod has developed a brand strategy which reflects its core values and the way it effects its strategy – namely to push beyond the impossible. This describes its business strengths of being nimble, flowing easily with change, always being open to possibilities, fostering a culture of courage, growth and knowledge, being loyal to the core and standing united.

Grindrod Bank maintains a governance framework that ensures compliance with legislative and regulatory requirements related to the financial services sector. A major target of the framework was achieved by a governance overhaul that resulted in the Board comprising a majority of independent non-executive directors and shareholder board representation.

KING IV

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

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

Ethical culture

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

The Board, supported by the Social and Ethics committee, is responsible for cultivating an ethical and effective environment based on a tangible governance framework, supported by policies, procedures and structures, as more fully detailed in principles 2 through 16 of King IV, set out on pages 142 to 152, and intangible considerations, including culture and values. This responsibility is underpinned by operating with integrity, maintaining appropriate levels of competence, assuming responsibility for the strategic direction and performance of Grindrod and being accountable, fair and transparent.

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

The Board Charter sets out the practices and processes the Board has adopted through which to discharge its mandate and responsibilities. The charter provides for a clear division of responsibilities at Board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Board has delegated some of its duties to its sub-committees, which operate according to their respective Terms of Reference.

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

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

Corporate governance report continued

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

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

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

No share purchase or share sale transactions were concluded by directors during 2020.

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

The Board is responsible for the governance of ethics and the approval of stakeholder-inclusive codes of conduct and ethics policies. The responsibility for the implementation and execution of these codes and policies is delegated to management. The Group Company Secretary is the custodian of governance and the Grindrod ethics officer. In this regard, the Group Company Secretary is responsible to ensure Grindrod, its employees and relevant stakeholders adhere to its ethical standards and culture.

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

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

All employees are required to adhere to the Code of Ethics, which is communicated during employee induction and to annually reconfirm their adherence to the code and related governance policies. Staff are also required to declare conflicts of interest and gifts given and received that, in terms of the approved gifts policy, exceed R5 000 in value. In 2020, new requirements in terms of the Protection of Personal Information Act necessitated an update to the code and related policies which deferred the annual confirmations to 2021.

Unethical behaviour can be reported to the Grindrod ethics officer. In 2020 no instances (2019: no instances) were reported to the ethics officer.

An independent high-level fraud resilience assessment was conducted together with a high-level internal audit review of the risk-governance process in 2020. These indicated a high fraud resilience and effective risk-governance process, with a fraud-risk framework and fraud-risk register being developed and implemented in Grindrod.

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

Grindrod operates an independent, toll-free fraud-reporting hotline through Deloitte & Touche, which provides an impartial and confidential facility for all stakeholders to anonymously report any fraud-related matter. In 2020, 10 incidents (2019: 14 incidents) were reported through this hotline. All reported incidents are investigated and listed in a register. Confidentiality is of utmost importance and is always guaranteed. The majority of cases related to human resources/employee behaviour and were closed. The Deloitte & Touche hotline is complemented by a new whistle-blowing tool, Ethics Defender, launched in November 2020. This provides a further avenue for the anonymous reporting of fraud and unethical behaviour. One matter was reported through Ethics Defender and was dealt with.

Incidents of corruption at management level are investigated internally and, if deemed appropriate, referred to disciplinary proceedings or to law enforcement agencies. No instances of corruption at management level were identified during 2020.

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. Following the initiation of anti-bribery and corruption training during 2019, the operational challenges posed by the COVID-19 pandemic delayed the launch of the business-wide ethics and anti-corruption awareness programme. This programme had originally been planned as an interactive, team-based process but was not possible under lockdown and social-distancing circumstances. A dedicated executive briefing session provided an in-depth update on key developments in global anti-corruption legislation and enforcement. The existing culture of integrity in all business dealings will be further strengthened during 2021 through active engagement with all employees by means of awareness interventions.

The Executive committee and Social and Ethics committee are provided with statistics of non-compliance to the code.

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

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

Execution and oversight are achieved through various Board sub-committees, corporate and divisional management and internal and external assurance providers, with the Social and Ethics committee being the primary sub-committee of the Board responsible for monitoring and reviewing Grindrod's standing as and promotion of good corporate citizenship. Further details on the arrangements for governing and managing responsible corporate citizenship, key areas of focus in 2020 and measures taken to monitor corporate citizenship are outlined in the report of the Social and Ethics committee on pages 153 to 155.

At their meetings, the Board and Board sub-committees, as relevant to their respective Terms of Reference, review and monitor Grindrod's performance against measures and targets related to human capital and economic, social and environmental areas. Further operational details relating to economic, social and environmental performance can be found in the Resources Review on pages 98 to 131.

Performance and value creation

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

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

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

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

The responsibility for formulating and implementing the strategy, policies and operational plans and the implementation thereof is delegated to management. Appropriate policies and operational plans are developed by

Corporate governance report continued

management to facilitate strategy implementation, with key performance measures and targets being established to provide a basis for the continuous monitoring of progress toward achievement of the set strategic objectives.

The Group's strategy is mapped by the Executive committee, for review by the Investment committee and, based on the recommendation of the committee, subsequent approval by the Board. The Group business plan for the ensuing year, inclusive of the annual budget, is finalised following the review of the strategy by the Board at its meeting held each year in November. Grindrod's business strategy and how it creates value for its stakeholders is set out on pages 38 and 39.

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

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

Disclosure in the integrated report is guided by the material economic, environmental and social issues which the directors believe have the potential to substantially impact Grindrod's ability to create and sustain value for its stakeholders. The report is compiled applying the principles contained in the JSE Listings Requirements, IFRS and the Companies Act. It is also compiled in accordance with the concepts, guiding principles and content elements contained in the International Integrated Reporting (<IR>) Framework issued by the IIRC and the Sustainability Reporting Standards of the GRI. The report aims to provide a complete and balanced review of Grindrod's economic, social and environmental performance. Grindrod's environmental performance is set out in the Environmental Supplement, available on the [Grindrod website](#).

Assurance on sustainability performance indicator disclosure is provided by Grindrod's internal audit function. Promethium Carbon assisted Grindrod in the verification of Grindrod's carbon footprint and other sustainability data. This corporate governance report, on pages 140 to 152, has been reviewed and confirmed by the Social and Ethics committee and recommended for inclusion in the integrated annual report.

Effective control

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

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

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

An internal assessment of adherence to the Board Charter was completed in March 2021. Based on this assessment, the Board was satisfied that it had fulfilled its responsibilities in accordance with its charter.

Attendance of members at meetings of the Board and its sub-committees during the year is listed on page 139 of this integrated annual report.

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

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

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

Directors who join the Board during the course of a year are required to have their appointments confirmed by shareholders at the subsequent annual general meeting.

Following the resignations of Raymond Ndlovu and Zola Malinga on 1 January 2020, Ben Magara and Zimkhitha Zatu were appointed as independent non-executive directors on 30 January 2020. Willem van Wyk was appointed as an independent non-executive director, alternate to Pieter Uys, on the same date. Xolani Mbambo moved into operations following a successful tenure as Financial Director, and Fathima Ally was appointed as Group Financial Director from 1 September 2020. Mkhusele Faku retired from the Board effective 2 December 2020 after 10 years of committed service to Grindrod.

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

Board composition

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

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

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

At 31 December 2020 the Board comprised 12 directors, of whom four are executive directors. Details of the directors as at 31 December 2020 are provided on pages 134 to 137.

Rotation

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

The suitability of the directors retiring by rotation was considered by the Nomination committee and following assessment, the Board resolved in March 2021 to put these directors to shareholders for re-election.

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

Professional development

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

Corporate governance report continued

Independence

At its meeting held in March 2021, the Nomination committee evaluated the independence of all serving Board members on a substance-over-form basis, in accordance with the nine indicators included in King IV and tenure in excess of nine years. This evaluation was considered and reviewed by the Board in March 2021.

Following the early retirement of the CEO on 31 July 2017, the Board appointed Mike Hankinson as the executive chairman to oversee the implementation of the revised business strategy. Mike continued in this role to 22 November 2018. With due consideration of the period that the Chairman spent in an executive capacity, the Nomination committee resolved that Mike Hankinson was not deemed independent. Given Walter Grindrod’s position as a representative of a major beneficial shareholder and his facilitation of strategic and operational issues on an ad-hoc basis at Grindrod’s request, the Nomination committee resolved that Walter Grindrod was not deemed independent.

Following its assessment, all non-executive directors, with the exception of the Chairman and Walter Grindrod as noted above, were deemed independent and the Board, on the recommendation of the Nomination committee, passed a resolution confirming the independence of the other non-executive directors serving at its meeting held in March 2021.

Directors’ declarations

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

Chairman

In August 2020 the Board, in accordance with the requirements of the MOI, King IV and the JSE Listings Requirements, reconfirmed the appointment of Mike Hankinson as the Chairman and Nkululeko Sowazi as Lead Independent Director. The Board Charter sets out the way in which the powers of the Chairman and the Lead Independent Director are executed.

In terms of the Board Charter, non-executive directors are required to retire by the age of 70 years or such later date as the Board may determine. Being cognisant of Mike Hankinson having reached the age of 70 years, the Nomination committee and Board gave consideration to succession planning for the appointment of a new chairman in 2021. Given the status of execution of the Grindrod strategy to restore shareholder value by refocusing Freight Services and Bank, the Board requested that Mike Hankinson stay on the board as chairman to maintain momentum and focus. The search for a suitable replacement candidate for chairman, giving due consideration to King IV Principle 7, is proceeding within this context.

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 Grindrod and identify, oversee and manage economic, environmental and social risk and opportunities by management, executives and the Board sub-committees, being the Audit, Investment, Nomination, Remuneration, Risk and Social and Ethics committees.

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

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

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

In March 2021 the Board and its committees undertook a detailed formal internal self-evaluation based on the governance outcomes outlined in King IV, being an ethical culture, good performance, effective control and legitimacy. The four outcomes were evaluated according to between eight and 14 criteria each, with questionnaires compiled by the Group Company Secretary based on an evaluation tool.

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

The Nomination committee was, based on its evaluation, satisfied with the Board composition, levels of governance, the skills, experience and qualifications of the members and the performance of the Chairman. The Board considered and concurred with the evaluation of the committee. No matters arose from the evaluations that required action.

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

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

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

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

CEO

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

Financial Director

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

The Audit committee considered the expertise and experience of Fathima Ally, 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 Grindrod’s business.

Group Company Secretary

On 1 June 2020 Cathie Lewis resigned as Group Company Secretary and was appointed as Sustainability Lead for the Company on a part-time basis and Vicky Commaile was appointed as Group Company Secretary, following a period of secondment and based on the recommendation of the Nomination committee.

Corporate governance report continued

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

She is, as a basis for the submission of the annual compliance certificate submitted to the JSE, responsible for a detailed annual compliance audit against JSE Listings Requirements. No material breaches of the JSE Listings Requirements were identified in 2020.

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

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

The Group Company Secretary, as the custodian of governance, also fulfils the function of the Group ethics officer, being responsible for governance structures appropriate to sustainability reporting, and serves as the principal officer of the Grindrod Pension Fund, Grindrod Provident Fund and the Grindrod Unicorn Provident Fund.

The Board considered the interactions between the Group Company Secretary and the Board since her appointment on 1 June 2020 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 Vicky Commaillie, 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 a chartered secretary and holds the following qualifications: B.Com (Accounting); ACIS and SMDP.

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 Grindrod's identified material risks and industry risks are included on pages 47 to 71.

Risk governance

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

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

Enhanced oversight is provided through the assignment of specific risks to relevant Board sub-committees, as more fully set out on page 46. Further to the inputs of its sub-committees, the Board monitors, reviews and assesses all aspects related to the appropriate management of economic, social, technological and environmental risks and opportunities at each quarterly Board meeting. Pervasive risks are also identified and reported on for review by the Risk committee.

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

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

Risk management framework

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

The risk management framework, based on the principles of King IV, ISO 31 000 and the Committee of Sponsoring Organizations of the Treadway Commission (COSO), was reviewed and approved by the Risk committee in 2020.

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, supported by continuously updated operational risk registers. The effectiveness of this framework is reviewed by internal audit.

Risk management process

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

The potential impacts of identified risks are evaluated together with their probability in terms of the likelihood of occurrence. Areas include strategy execution, market and financial risks, stakeholder engagement, legislative and regulatory compliance and risks related to reputation, cyber and harm to people and environment. The evaluations of the impact and probability establish the basis for determining the inherent risks and their significance to the business. Residual risk is determined based on the development and implementation of risk-mitigation plans. Such residual risks should fall within the respective risk-tolerance levels.

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

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

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

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

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

Corporate governance report continued

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

The Group IT steering committee, responsible for the implementation of business-focused IT strategies, comprises the chief information officer, divisional CFOs and IT managers and ad-hoc members who are experts in particular business processes or technologies. The committee met once in 2020 (2019: three times) to drive the implementation of fit-for-purpose IT infrastructure and software.

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

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

Principle 13: The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

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

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

Given the nature of its operations, the Bank ensures compliance through the various committees established as outlined on page 140.

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

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

In 2020, Grindrod ensured continued compliance with the Regulations issued in terms of the Disaster Management Act on an ongoing basis and through extensive consultation with ENS Attorneys.

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

Grindrod established a Protection of Personal Information (POPI) steering committee and appointed an independent subject-matter expert to assist with a gap analysis and development of an action plan to ensure compliance before 1 July 2021.

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

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

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

In the first half of 2019, Grindrod became aware of allegations of unethical conduct in Cockett Marine, which prompted Grindrod to process impairments of \$35 million and in terms of IFRS, the carrying value of the Cockett group joint venture investment. As a consequence, Grindrod has elevated the rating of corruption to a top-ten risk for the first time. The matter is being finalised in collaboration with the relevant authorities.

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 166 to 177.

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and the organisation's external reports.

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

Combined assurance

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

Risk audits are assigned to appropriate assurance providers, who monitor the effectiveness of the action plans developed and implemented by management to mitigate the risks.

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

Corporate governance report continued

Further detail on the combined assurance model and the roles and responsibilities of Board sub-committees in overseeing the risk-management framework is included on pages 45 and 46 of the integrated annual report.

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

Internal audit

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

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

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

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

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

The annual internal audit plan is based on an assessment of identified internal and external risk areas and is drafted considering the previous year's findings, areas for improvement and changes in the macro environment and within the Grindrod business. A comprehensive report on material internal audit findings and matters of significance is submitted to the Audit committee bi-annually.

Trust, good reputation and legitimacy

Principle 16: The governing body should, in the execution of its governance role and responsibilities, adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Board supports stakeholder engagement and communication strategies that facilitate transparent and reciprocal communication and engagement.

The Group maintains continual engagement with its identified key stakeholder groups to promote the achievement of business objectives and support economically, socially and environmentally sustainable business practices. The stakeholder engagement framework is set out on pages 124 to 127 of this integrated annual report.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

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

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

ROLE OF THE COMMITTEE

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

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

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

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises the Chairman, one independent non-executive director, one non-executive director and one executive director.

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

Report of the Social and Ethics committee continued

During the year under review, members serving on the committee included Walter Grindrod (chairman, appointed 30 January 2020), Mike Hankinson (appointed 28 February 2012), Andrew Waller (appointed 16 November 2011) and Zimkhita Zatu (appointed 30 January 2020).

More details of these members are given on pages 134, 135 and 137.

The Group Company Secretary serves as secretary to the committee.

The committee's Terms of Reference provide for members to 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 special meeting of the committee was held on 2 March 2020 to:

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

Following the special meeting of March 2020, the committee deemed it unnecessary to convene the scheduled meeting in May 2020, with the committee's second meeting for the year held in November 2020 as scheduled. No other unscheduled meetings were held in 2020.

Attendance of committee members at the meetings of the committee during the year is listed on page 139 of this integrated annual report.

Fees paid to the committee members are reflected on page 170 in the remuneration report and the proposed fees for 2021 are detailed on page 194.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Social and Ethics committee based on its annual work plan for 2020 included:

- monitoring and reviewing Grindrod's sustainability performance in line with the Grindrod sustainability pillars, the UN Global Compact Ten Principles and applicable risk-identification and mitigation measures;
- monitoring and reviewing Grindrod's sustainability performance measured against the six UN Sustainable Development Goals – SDG4: quality education, SDG5: gender equality, SDG6: clean water and sanitation, SDG8: decent work and economic growth, SDG9: industry, innovation and infrastructure and SDG13: climate action – as adopted as part of Grindrod's sustainability strategy;
- monitoring and reviewing of Grindrod's human capital management strategies and performance, including HR strategies, systems and policy, employee relations, skills development and retention, performance management and Grindrod's status in terms of safety and health and employee wellness;
- monitoring and reviewing of Grindrod's B-BBEE strategies and performance including the Grindrod B-BBEE scorecard;
- monitoring and reviewing of Grindrod's action plans to set and achieve transformation objectives and employment equity strategies and performance including engagement with key stakeholders;
- monitoring and reviewing the implementation of the gender equality framework, including the results of a gender equality survey;
- monitoring the implementation of the requirements of Guideline 1 of 2018 issued by the CIPC;

- 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;
- approving the committee's report for inclusion in the 2020 integrated annual report; and
- approving the annual work plan for 2021.

STATEMENT

The Social and Ethics committee confirms that, during the year under review, it has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act. The committee further confirms that, other than the allegations of corruption in Cockett Marine as disclosed on page 151 of this integrated annual report, there are no other instances of material non-compliance to disclose.

On behalf of the Social and Ethics committee



Walter Grindrod
Chairman

09 April 2021

REPORT OF THE RISK COMMITTEE

ROLE AND KEY FUNCTIONS

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

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

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises the Chairman, three independent non-executive directors and three executive directors. During the year under review, directors serving on the committee included Pieter Uys (chairman), Mike Hankinson, Ben Magara, Xolani Mbambo, David Polkinghorne, Nkululeko Sowazi and Andrew Waller. More details of these directors are given on pages 134 to 137.

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 2020.

Attendance of committee members at the meetings of the committee in the year is listed on page 139 of this integrated annual report.

Fees paid to the committee members are reflected on page 170 in the remuneration report and the proposed fees for 2021 are detailed on page 194.

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 2020 included:

- review of the risk-management framework and policy and approval of the risk appetite and risk-tolerance limits for Grindrod;
- review and assessment of the top Group and divisional risks and opportunities associated with the environment in which Grindrod operates and the capitals used and effected by the operations and the evaluation of the appropriateness of the mitigation strategies implemented;
- review and assessment of the risks specific to the industry in which Grindrod operates and the global risks and opportunities as outlined in the amended Grindrod Global Change Sensitivity Model;

- review the report of the Audit committee on the effectiveness of the process for identifying, assessing and reporting on significant internal financial-control, fraud and IT risks as related to financial reporting;
- review of internal audit assessment on the integrity and effectiveness of the risk management process;
- review of the adequacy and completeness of insurance cover in place and associated claims history;
- evaluation of the performance of the Risk committee;
- approval of the Risk committee report for inclusion in the 2020 integrated annual report; and
- approval of its annual work plan for 2021.

RISK-MANAGEMENT PROCESS

Following its assessment, the Risk committee is of the opinion that Grindrod's risk-management processes are effective in identifying, assessing and addressing the material factors that may impact Grindrod in the development and implementation of its strategies, including consideration of the level of uncertainty and complexity brought about by the COVID-19 pandemic. More information on Grindrod's material identified risks is included on pages 47 to 71. Application of principle 11 of King IV is included on pages 148 and 149 of the governance report.

On behalf of the Risk committee



Pieter Uys
Chairman

09 April 2021

REPORT OF THE INVESTMENT COMMITTEE

ROLE AND KEY FUNCTIONS

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

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

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises four members, the Board Chairman, the CEO, a non-executive director, Walter Grindrod, and an independent non-executive director, Pieter Uys. More details of these directors are given on pages 134, 135 and 137.

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

Meetings are scheduled on the recommendation of the committee chairman as and when required as per the Terms of Reference. Four committee meetings were held in 2020, with attendance at these meetings as follows:

Name	Capacity	Meeting dates			
		21 Feb 2020	29 Jun 2020	18 Aug 2020	1 Oct 2020
AG Waller	Committee chairman	✓	✓	✓	✓
WJ Grindrod	Committee member	✓	✓		✓
MJ Hankinson	Committee member	✓	✓	✓	✓
PJ Uys	Committee member	✓	✓	✓	✓
FB Ally	Standing invitation				✓
XF Mbambo	Standing invitation	✓	✓	✓	
G Gelink	Ad-hoc member			✓	
DA Polkinghorne	Ad-hoc member			✓	
NL Sowazi	Ad-hoc member		✓		✓
WO van Wyk	Ad-hoc member				

Fees paid to the committee members are reflected on page 170 in the remuneration report and the proposed fees for 2021 are detailed on page 194.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Investment committee in 2020 included capital and other applications to submit tenders, the increase of current investments, placement of new investments, the restructuring of investments and trading statements. Following consideration, the committee provided recommendations to the Board for their approval.

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

In terms of its mandate, the committee also approved the Investment committee report for inclusion in the 2020 integrated annual report and approved the committee’s annual work plan for 2021.

On behalf of the Investment committee



Andrew Waller
Chairman

09 April 2021

REPORT OF THE NOMINATION COMMITTEE

ROLE AND KEY FUNCTIONS

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

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

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises the Chairman and two independent non-executive directors. During the year under review, directors serving on the committee included Mike Hankinson (chairman, appointed on 22 November 2018), Nkululeko Sowazi (appointed on 25 November 2014) and Pieter Uys (appointed on 27 May 2016). More details of these directors are given on pages 134 and 137.

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 2020.

Attendance of committee members at the meetings of the committee in the year is listed on page 139 of this integrated annual report.

Fees paid to the committee members are reflected on page 170 in the remuneration report and the proposed fees for 2020 are detailed on page 194.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Nomination committee based on its annual work plan for 2020 included:

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

- reviewing the insurance cover in place for directors and officers;
- approving the Nomination committee report for inclusion in the 2020 integrated annual report; and
- approving its annual work plan for 2021.

BOARD APPOINTMENTS

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

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

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

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

TENURE OF THE CHAIRMAN

In terms of the Board Charter, non-executive directors are to retire by the age of 70 years, or such later date as determined by the Board. Following consideration by the Nomination committee and evaluation by the Board, the directors voted to extend the tenure of the chairman of the Board whilst the search for a suitable replacement candidate was progressed, to maintain the momentum and focus on the execution of strategy.

BOARD COMPOSITION AND EVALUATION

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

In March 2021 the committee undertook a detailed evaluation of the Board and its committees based on the four governance outcomes outlined in King IV. The outcomes were evaluated according to between eight and 14 criteria each, with questionnaires compiled by the Group Company Secretary based on an evaluation tool.

Report of the Nomination committee continued

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

AUDIT COMMITTEE APPOINTMENTS

At its meeting in March 2021 the committee also gave consideration to the appointment of the chairman 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 chairman and the appointment of Willem van Wyk and Zimkhitha Zatu as members of the Audit committee. The recommendations were unanimously supported by the Board for recommendation to the shareholders at the forthcoming Annual General Meeting.

SOCIAL AND ETHICS COMMITTEE APPOINTMENTS

At its meeting in March 2020 the committee gave consideration to the appointment of Zimkhitha Zatu as member and Walter Grindrod as chairman of the Social and Ethics committee. Having given due consideration to skills and experience requirements, the committee recommended their appointment as chairman and member of the Social and Ethics committee. The recommendation was unanimously supported by the Board.

RISK COMMITTEE APPOINTMENT

At its meeting in March 2020 the committee considered the appointment of Ben Magara as an additional member to the Risk committee, having due regard to skills and experience requirements and recommended the appointment to the Board. The recommendation was unanimously supported by the Board.

On behalf of the Nomination committee



Mike Hankinson
Chairman

09 April 2021

REPORT OF THE REMUNERATION COMMITTEE

ROLE AND KEY FUNCTIONS

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

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

SCOPE OF REPORT

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

COMPOSITION AND COMMITTEE MEETINGS

The committee comprises the chairman and two independent non-executive directors. During the year under review, directors serving on the committee included Pieter Uys (chairman, appointed 27 May 2016), Mike Hankinson (appointed May 2010, resigned on 1 November 2017 further to his appointment as the executive chairman, reappointed 22 November 2018 when he reverted to a non-executive role) and Nkululeko Sowazi (appointed 25 November 2014). More details of these directors are given on pages 134 and 137.

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. One unscheduled meeting was held in 2020.

Attendance of committee members at the meetings of the committee during the year is listed on page 139 of this integrated report.

Fees paid to the committee members are reflected on page 170 in this report and the proposed fees for 2021 are detailed on page 194.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Remuneration committee based on its annual work plan for 2020 included:

- monitoring Grindrod's remuneration policy;
- considering the applicability, with input from human resource and management consultants, new developments in employee remuneration for example living wage, income gaps, medical cover, executive minimum share cover and malice clauses;
- 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;

Report of the Remuneration committee continued

- reviewing the performance of executive directors against predetermined financial and operational targets;
- reviewing and approving the remuneration packages and incentives, including annual and other incentive bonuses, for executive directors;
- approving the overall divisional allocations for senior-management bonuses;
- approving annual remuneration increases for employees outside the bargaining unit;
- monitoring annual remuneration increases for employees within the bargaining unit;
- reviewing the performance of the primary stand-alone pension and provident funds and monitoring finalisation of the transition of the two primary provident funds to umbrella funds;
- reviewing the performance of the employee medical aid schemes;
- reviewing legislative and regulatory compliance within the scope of its mandate;
- approving the remuneration report for inclusion in the 2020 integrated annual report; and
- approving the annual work plan for 2021.

PERFORMANCE EVALUATION

During the year, the committee considered the performance of the Chief Executive Officer, the Chief Financial Officer and executive directors in determining their respective remuneration. The primary performance indicators for executives are set out on page 168.

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 170 to 177, and approved the report for inclusion in the Grindrod integrated annual report for the year ended 31 December 2020 to the Board.

On behalf of the Remuneration committee



Pieter Uys
Chairman

09 April 2021

DIRECTORS' INTERESTS IN GRINDROD

At 31 December 2020, the directors held interests in Grindrod as follows:

	2020		2019	
	Beneficial direct	Non-beneficial and beneficial indirect	Beneficial direct	Non-beneficial and beneficial indirect
Ordinary shares				
WJ Grindrod	–	21 610	–	21 610
MJ Hankinson	27 000	8 000	27 000	8 000
XF Mbambo	150 856	–	–	–
DA Polkinghorne	357 026	–	259 644	–
AG Waller	902 461	–	725 417	–
	1 437 343	29 610	1 012 061	29 610

The beneficial direct shareholdings increased by 153 752 after year-end further to vesting in terms of the forfeitable share plan.

BACKGROUND STATEMENT

2020 focus

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

This included the committee giving consideration to proposals and recommendations from Human Resources, external remuneration consultants and shareholders to ensure that remuneration across Grindrod is aligned, industry-competitive, equitable and verified against internal and external benchmarks.

In addition to matters considered in terms of its mandate, focus areas of the committee included:

- monitoring austerity measures implemented to address the operational impacts related to the COVID-19 pandemic;
- reviewing the management of the contribution holiday on the Grindrod Provident Fund;
- monitoring the application and payment of benefits to employees in terms of TERS funding;
- monitoring of the implementation of remuneration recommendations negotiated with bargaining councils and trade unions;
- approving increases for salaried employees, with input from inter alia external remuneration surveys;
- monitoring the adaptation of the roll-out, due to lockdowns, of the addition of a third medical-scheme option to ensure that employees have access to scheme benefits according to their needs and budget;
- monitoring the conclusion of the migration of the Grindrod Provident Fund to an umbrella fund to optimise employees' retirement savings; and
- monitoring the adaptation of the roll-out, due to lockdowns, of the migration of the Unicorn Provident Fund to an umbrella fund in 2021.

Advisory vote

The shareholder non-binding advisory votes at the Annual General Meeting on 26 May 2020 did not achieve the minimum requirement of 75% approval of the confirmation of the remuneration policy (66.02% approval) and the implementation report (67.05% approval).

Report of the Remuneration committee continued

Grindrod’s invitation to dissenting shareholders, through a SENS announcement on 26 May 2020, to engage with the Company did not solicit any feedback.

The review of advisory reports to shareholders identified that objections pertained to the lack of disclosure of key performance indicators (KPIs) in respect of the share-price-linked option scheme, the lack of disclosure of strategic KPIs in respect of short-term incentives (actual against targets) and that awards in the forfeitable share plan target retention only.

In acknowledgement of shareholder objections, Grindrod:

- noted that the share-price-linked option scheme had been amended to provide for the inclusion of KPIs as a condition of vesting;
- undertook, in the implementation report included in the integrated annual report, to document and disclose the strategic KPIs for executives in respect of short-term incentives and individual weighting of and performance against these KPIs; and
- advised that, in addition to the award of shares under the forfeitable share plan based on performance criteria, the vesting of these awards would be reviewed, for future years, to incorporate the evaluation of scheme participants’ achievement of key performance criteria measured against increased shareholder value over the vesting period.

Future focus

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

The committee will introduce performance based vesting criteria in respect of the forfeitable share plan to, as outlined above following shareholder engagement and will, provide for the incorporation of performance-based evaluation criteria over the vesting period. These criteria, applied on a scheme participant basis, will be measured against the increase in shareholder value over the same period.

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 2020 contributed to meeting the objectives of Grindrod’s remuneration policies, to fairly reward individual performance measured against objective structures, organisational sustainability, a high- performance culture and the retention of scarce and specialised skills.

The committee is satisfied that Grindrod’s core skills complement is intact and capable of successfully implementing Grindrod’s strategy to the benefit of all stakeholders.

REMUNERATION POLICY

The Grindrod remuneration philosophy 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.

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

The remuneration of executive management is monitored in terms of the overall remuneration across the Group.

Monitoring criteria include levels and trends in salary, collective bargaining outcomes and bonus participation. At the time that salary increases are considered, the committee receives a report on the approach management proposes to adopt for general staff increases.

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

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

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

Remuneration structure

Executives, prescribed officers and key managers receive remuneration comprising a guaranteed total cost of employment (TCOE) and a variable portion which incorporates short- and long-term incentives which are linked to performance and sustainability achievements.

The long-term incentives are based on share-price appreciation, which promotes a long-term commitment to creating shareholder value without the impact of diluting shareholders equity. The long-term incentives include a retention scheme that in specific circumstances is used by the committee to provide for awarding a total of 3 596 588 shares as retention shares, which could result in a 0.54% dilution of the Group’s equity net of treasury stock.

The short- and long-term incentive schemes reward an individual’s contribution to Company performance to align the focus of executives with the expectations of stakeholders and promote executive retention.

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 listed local companies.

Executives’ guaranteed remuneration considers the complexity of the role of each executive, their level of experience and their contribution to the Group’s overall performance. Increases in guaranteed remuneration are awarded based on performance and amended responsibilities.

Report of the Remuneration committee continued

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.

Engagement with remuneration consultants for the implementation of appropriate minimum share cover ratios for executives is in progress. Current remuneration strategy does not include share plans enabling implementation of significant share cover ratios. Further shareholder engagement will be needed in advance of seeking approval on changes to the incentive schemes.

Work is underway to implement a framework for recouping incentives paid for past performance which has been proven dishonest or similarly unsustainable.

Non-executive director fees are reviewed annually by the committee. Reviews are undertaken in consultation with independent and objective remuneration specialists or, when considered appropriate, benchmarked internally based on independent and reputable remuneration research reports. The proposed fees, aligned with the remuneration levels of comparable listed companies, are referred to the Board for shareholder approval at the Annual General Meeting. Non-executive directors are excluded from participation in the short- and long-term incentive schemes.

Incentive schemes – Short term

Performance bonuses are based on the achievement of stretch profit targets and specified strategic and non-specified value-added objectives approved by the Remuneration committee annually. Short-term incentives for executives are capped at 100% of TCOE.

KPIs include the following elements:

- The stretch financial element (capped at 50% of TCOE), which is based on targeted divisional and Group profits and share-price growth. Factors including market conditions, return on equity and financial performance are considered in determining the profit and share-price targets. This element triggers on achieving the Board-approved target, with an award of 5% triggered on achievement of the target. A straight-line incremental award is then applied depending on the allocated and agreed stretch achieved above the target.

Following input from shareholders, consideration of the inclusion of other measures, such as ROIC, in the stretch financial element is a future focus.

The remaining element includes:

- The specific strategic element, aimed at ensuring attainment of key initiatives from the three-year strategic plan, which is directly aligned to the delivery of shareholder value.
- A non-specified value-added component, comprising objectives that include transformation, SHERQ and operational and commercial imperatives that add both long- and short-term value to the Group.

The total Executive committee remuneration for 2020, 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 170. The maximum remuneration, exclusive of vesting, would have been equivalent to 200% of the total package.

Key managers within all divisions receive bonuses based on a structure similar to that for executives. Performance is measured against pre-agreed key objectives and financial results. All bonuses are reviewed by the CEO and bonus information is tabled for approval by the Remuneration committee.

Incentive schemes – Long term

Grindrod Limited’s and Grindrod Bank’s primary performance incentive, the share-price-linked option schemes, aim to reward and retain executives and key managers without the impact of diluting shareholders equity.

In addition, in consideration of the cyclical nature of the markets in which Grindrod operates, shareholders approved a pure retention incentive, the Grindrod Limited forfeitable share plan, used in periods of market distress when share price appreciation, and as a consequence reward on the share-price-linked option scheme, is unlikely. The incentive, capped at six million shares (0.7% of share capital) in accordance with shareholder approval at the 2012 Annual General Meeting, is designed to be a small but critical part of the long-term incentives and is utilised in limited circumstances to retain key management. The Board has awarded a total of 3 596 588 shares to retain key management, as reflected on page 176.

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 long-term incentive for executives and key managers. Key strategic managers are nominated for participation in the scheme during the annual staff-appraisal period, based on their performance and contribution to the success of the divisional business plan in that year. The merit of each nomination is debated at meetings between divisional executives and the CEO and qualifying candidates are nominated to the Remuneration committee for its review and subsequent approval by the Board.

The options, which are linked to the Grindrod ordinary share price, are settled in cash and therefore not classified as equity-settled in terms of the JSE Listings Requirements.

Vesting effects in three one-third tranches on the third, fourth and fifth anniversaries of the grant date and do not have an expiry date beyond the vesting date. The cash settlement, paid net of tax, is based on the difference between the grant and settlement prices, being the weighted average of the closing price for the seven trading days preceding the vesting date.

Vesting of awards in the scheme is subject to the participant’s achievement of key performance criteria and appreciation of the Grindrod Limited share price, measured against increased shareholder value over the vesting period.

Vesting settlements may not exceed 10% of the attributable profit of a division. No settlement is paid if the share price does not rise between grant and vesting dates, if an employee resigns, is dismissed, has interrupted service or has rendered unsatisfactory performance as determined by the Remuneration committee or CEO.

Grindrod Limited forfeitable share plan

The forfeitable share plan was introduced and approved by shareholders in 2012 to support the recruitment and long-term retention of executives and key managers during times that the Grindrod ordinary share price is stagnant or decreasing and Grindrod wishes to retain, through long-term incentive, specific executives and qualifying managers.

Shares under this plan are only awarded to the specific executives and qualifying managers who are key to achieving the strategic objectives in the business plan. The shares vest in three equal tranches at the end of years three, four and five after the award date achieving a long-term commitment from the individuals. Prior to vesting, participants receive dividends paid and may vote in respect of the shares awarded, but they cannot trade or encumber their allocation until vesting date. Unvested awards are forfeited on termination of employment by Grindrod or the participant. The value granted is recognised in the income statement at the awarded price over the vesting period.

The scheme is only used in rare occasions and has thus been capped at six million shares.

Grindrod Financial Services group share-price-linked option scheme

The Grindrod Financial Services group share-price-linked option scheme was introduced in 2009 for Grindrod Bank executives and key employees. The scheme operates according to the same performance requirements as the Grindrod Limited share-price-linked option scheme, except that the share-price element is calculated as the greater

Report of the Remuneration committee continued

of the net asset value of Grindrod Bank or an agreed price- earnings value, that payments are limited to 10% of the division’s attributable profit and that vesting dates are the dates of Grindrod Bank Remuneration committee meetings. Vesting may, in exceptional circumstances and subject to the approval of the Remuneration committee, occur earlier than the five-year vesting period.

IMPLEMENTATION REPORT

Emoluments paid to directors and prescribed officers

The tables below provide an analysis of the emoluments, split between local and offshore remuneration package approvals, paid to executive and non-executive directors and prescribed officers of Grindrod in relation to the 2020 and 2019 financial years.

Current directors – local (2020)

	Directors' fees R'000	Committee fees R'000	Basic remuneration R'000	Retirement medical and other benefits R'000	Total package R'000	Bonus ¹ R'000	2020 Total R'000	% increase from 2019 excluding bonus ⁹
Executive directors								
FB Ally ²	–	–	1 111	397	1 508	908	2 416	
XF Mbambo	–	–	4 298	1 280	5 578	3 601	9 179	18.4 ¹⁰
DA Polkinghorne ¹¹	–	–	4 692	1 160	5 852		5 852	4.8
AG Waller	–	–	6 281	1 137	7 418	3 600	11 018	6.4
Sub-total	–	–	16 382	3 974	20 356	8 109	28 465	
Non-executive directors								
MR Faku ³	401	–	–	–	401	–	401	
G Gelink	439	308	–	–	747	–	747	
WJ Grindrod ⁴	381	224	150	–	755	–	755	
MJ Hankinson	1 197	579	–	–	1 776	–	1 776	
B Magara ⁵	350	92	–	–	442	–	442	
R Ndlovu ⁶	–	26	–	–	26	–	26	
NL Sowazi	877	303	–	–	1 180	–	1 180	
PJ Uys ⁷	438	583	–	–	1 021	–	1 021	
WO van Wyk ^{5, 8}	–	156	–	–	156	–	156	
ZP Zatu ⁵	350	205	–	–	555	–	555	
Sub-total	4 433	2 476	150	–	7 059	–	7 059	
Total emoluments local	4 433	2 476	16 532	3 974	27 415	8 109	35 524	

¹ Short-term incentive performance bonuses in respect of services rendered in 2020 accrued as at year-end as detailed on pages 172 and 173.

² Appointed as executive director and Chief Financial Officer on 1 September 2020.

³ Retired as independent non-executive director on 2 December 2020.

⁴ Appointed as member of the Social and Ethics committee on 1 January 2020.

⁵ Appointed as independent non-executive director on 30 January 2020.

⁶ Resigned as independent non-executive director on 1 January 2020.

⁷ Fees ceded to Remgro.

⁸ Alternate to PJ Uys. Fees in respect of member of Audit committee.

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.

¹⁰ A 5.5% increase was awarded in 2020. The increase of 18.4% is a consequence of an independent benchmarking review conducted during the current year highlighted the existing package was below the peer group.

¹¹ Following the recommendation of the SARB, the Grindrod Bank Board has agreed not to pay bonuses at this time.

Current directors – local (2019)

	Directors' fees R'000	Committee fees R'000	Basic remuneration R'000	Retirement medical and other benefits R'000	Total package R'000	Bonus ¹ R'000	2019 Total R'000	% increase from 2018 excluding bonus ⁸
Executive directors								
XF Mbambo	–	–	3 851	862	4 713	3 467	8 180	55.7 ⁹
DA Polkinghorne	–	–	4 458	1 127	5 585	–	5 585	6.4
AG Waller	–	–	5 913	1 057	6 970	3 782	10 752	24.2 ¹⁰
Sub-total	–	–	14 222	3 046	17 268	7 249	24 517	
Non-executive directors								
MR Faku	415	–	–	–	415		415	
G Gelink	415	292	–	–	707		707	
WJ Grindrod ²	155	40	–	–	195		195	
MJ Hankinson	1 191	571	–	–	1 762		1 762	
Z Malinga ^{3, 4}	659	549	–	–	1 208		1 208	
R Ndlovu ^{3, 4, 5, 6}	244	834	–	–	1 078		1 078	
NL Sowazi	829	286	–	–	1 115		1 115	
PJ Uys ⁶	453	567	–	–	1 020		1 020	
SDM Zungu ⁷	272	–	–	–	272		272	
Sub-total	4 633	3 139	–	–	7 772		7 772	
Total emoluments local	4 633	3 139	14 222	3 046	25 040	7 249	32 289	

¹ Short-term incentive performance bonuses in respect of services rendered in 2019 accrued as at year-end as detailed on page 172.

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

³ Resigned as independent non-executive director on 1 January 2020.

⁴ Includes fees paid by Grindrod Bank.

⁵ Alternate to PJ Uys. Fees in respect of member of Audit committee and chairman of Social and Ethics committee.

⁶ Fees ceded to Remgro.

⁷ Resigned as independent non-executive director on 23 August 2019.

⁸ Increases are based on performance and responsibilities and include role complexity, level of experience and contribution to Group performance. Remuneration is benchmarked by independent consultants.

⁹ A 6% increase was awarded in 2019. The increase of 55.7% the prior year remuneration does not include package for the full year following appointment as Financial Director on 1 September 2018.

¹⁰ A 6% increase was awarded in 2019. The increase of 24.2% the prior year remuneration does not include package as CEO for the full year following appointment to this position on 1 September 2018.

Report of the Remuneration committee continued

Short-term incentive: Performance bonuses

Performance bonuses paid to executive participants in the scheme are based on the evaluation of group or divisional and individual performances, measured against objectives and targets that are established and approved by the Remuneration committee at the beginning of each year.

The table below reflects the assessed performances of executive participants in the scheme as approved by the committee:

	Pay-out as a percentage of TCOE	
	2020	2019
FB Ally	68.0	–**
XF Mbambo	64.0	65.0
DA Polkinghorne	–*	–
AG Waller	48.0	54.0
Average	48.1	40
Target weighting	100	100

* Following the recommendation of the SARB, the Grindrod Bank Board has agreed not to pay bonuses at this time.

* Appointed 1 September 2020.

FB Ally

	Target weighting	Performance against target
Group, Port and Terminal, Logistics Headline earnings	45	25
Growth in Grindrod share price	5	–
Regulatory compliance	20	20
Financial efficacy	15	8
Systems and process re-engineering	15	15
Pro-rata achievement based on appointment during the year	33.3	22.7

XF Mbambo

	Target weighting	Performance against target
Group, Port and Terminal, Logistics Headline earnings	45	25
Growth in Grindrod share price	5	–
Cash management in non-core business	10	10
B-BBEE ownership and strategy	10	9
Sustainable cost-reduction initiatives	10	–
Management of critical compliance, regulatory and reporting vulnerabilities in core businesses	10	10
Support of commercial and operational activities	10	10

DA Polkinghorne

	Target weighting	Performance against target*
Financial Services NPAT	35	–
Financial Services dividend payment	5	–
Governance, ethics, risk management and compliance	15	–
Stakeholder engagement	10	–
Funding strategy and repositioning of the lending book	25	–
Strategic projects execution	10	–

* Following the recommendation of the SARB, the Grindrod Bank Board has agreed not to pay bonuses at this time.

AG Waller

	Target weighting	Performance against target
Group, Port and Terminal, Logistics Headline earnings	45	25
Growth in Grindrod share price	5	–
Strategic positioning of bank and capital management	20	10
Consolidation and disposal of non-core businesses	30	13

Grindrod Limited share-price-linked option scheme

Share option gains and cash-settled share-price-linked option payments for 2020 were as follows:

	Share-price-linked option payment 2020 R'000	Share-price-linked option payment 2019 R'000
Executive directors/prescribed officers		
XF Mbambo	–	216
DA Polkinghorne	–	503
AG Waller	–	1 173
Total	–	1 892

Report of the Remuneration committee continued

A summary of options granted to executives and senior management, still to vest as at 31 December 2020, is as follows:

	Date option granted						Total
	2016	2017	2017	2018	2019	2020	
Price (R) ¹	5.09	7.65	6.02	7.40	8.13	3.67	
Number of options granted ²	9 281 852	9 881 331	1 900 984	5 197 287	6 397 000	10 655 100	43 313 554
Cancellations	(961 000)	(578 000)	–	–	–	–	(1 539 000)
Vesting on retirement/transfer	(1 612 000)	(1 517 000)	(150 000)	–	–	–	(3 279 000)
Vested as a result of Shipping spin-off ³	(1 412 000)	(1 559 000)	(520 000)	–	–	–	(3 491 000)
Vested	(2 974 272)	(1 470 543)	(380 157)	–	–	–	(4 824 972)
Sub-total	2 322 580	4 756 788	850 827	5 197 287	6 397 000	10 655 100	30 179 582
Forfeiture	(953 409)	(1 976 212)	(162 925)	(1 354 085)	(195 000)	–	(4 641 631)
Net total ⁴	1 369 171	2 780 576	687 902	3 843 202	6 202 000	10 655 100	25 537 951

¹ The price reflects the market price on the dates of the awards, mathematically adjusted on the successful conclusion of the Shipping division spin-off.
² Restructured during 2018 as a result of the Shipping division spin-off.
³ Only applicable to employees in the Shipping division.
⁴ At 31 December 2020, the fair value of these options was R8.4 million.

The details of awards granted to executives as at 31 December 2020 are as follows:

Director	Options at 1 January 2020	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2020 ¹	Option price R	Vesting dates
XF Mbambo	73 616		(73 616)	4.06*	–	10.48	February 2020
	65 170		(65 170)	4.06*	–	5.09	February 2020
	65 170				65 170	5.09	February 2021
	67 583		(67 583)	4.05*	–	7.65	March 2020
	67 583				67 583	7.65	March 2021
	67 585				67 585	7.65	March 2022
	95 944				95 944	7.40	February 2021
	95 944				95 944	7.40	February 2022
	95 944				95 944	7.40	February 2023
	331 333				331 333	8.13	March 2022
	331 333				331 333	8.13	March 2023
	331 334				331 334	8.13	March 2024
		516 900			516 900	3.67	August 2023
		516 900			516 900	3.67	August 2024
		516 900			516 900	3.67	August 2025
	1 688 539	1 550 700	(206 369)		3 032 870		

Director	Options at 1 January 2020	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2020 ¹	Option price R	Vesting dates
DA Polkinghorne	67 704		(67 704)	4.06*	–	10.48	February 2020
	152 063		(152 063)	4.06*	–	5.09	February 2020
	152 063				152 063	5.09	February 2021
	143 614		(143 614)	4.05*	–	7.65	March 2020
	143 614				143 614	7.65	March 2021
	143 616				143 616	7.65	March 2022
	117 065				117 065	7.40	February 2021
	117 065				117 065	7.40	February 2022
	117 063				117 063	7.40	February 2023
	128 333				128 333	8.13	March 2022
	128 333				128 333	8.13	March 2023
	128 334				128 334	8.13	March 2024
		135 600			135 600	3.67	August 2023
		135 600			135 600	3.67	August 2024
		135 600			135 600	3.67	August 2025
	1 538 867	406 800	(363 381)		1 582 286		

* As option price was greater than vesting price, no payment was made.

Director	Options at 1 January 2020	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2020 ¹	Option price R	Vesting dates
AG Waller	143 614		(143 614)	4.06*	–	10.48	February 2020
	354 210		(354 210)	4.06*	–	5.09	February 2020
	354 208				354 208	5.09	February 2021
	334 900		(334 900)	4.05*	–	7.65	March 2020
	334 900				334 900	7.65	March 2021
	334 900				334 900	7.65	March 2022
	223 871				223 871	7.40	February 2021
	223 871				223 871	7.40	February 2022
	223 869				223 869	7.40	February 2023
	868 333				868 333	8.13	March 2022
	868 333				868 333	8.13	March 2023
	868 334				868 334	8.13	March 2024
		869 100			869 100	3.67	August 2023
		869 100			869 100	3.67	August 2024
		869 100			869 100	3.67	August 2025
	5 133 343	2 607 300	(832 724)		6 907 919		
Totals	8 360 749	4 564 800	1 402 474		11 523 075		

¹ At 31 December 2020, the fair value of these options were R5.4 million.
* As option price was greater than vesting price, no payment was made.

The cost of scheme settlements is hedged against 22 909 232 treasury shares (2019: 14 046 343), not allocated to the forfeitable share plan. During 2020, 10 070 348 shares (2019: 460 000 shares) were bought back at an average price of R4.13 (2019: R5.95).

Report of the Remuneration committee continued

Grindrod Limited forfeitable share plan

The following table summarises the movements in the forfeitable share plan during the year:

Award date	Date option granted	Number of options granted	Price ^{1,2} R	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares ³
23 February 2015	2015	866 050	17.97	(592 778)	(273 272)	–
22 February 2016	2016	1 499 513	9.61	(737 653)	(526 953)	234 907
28 February 2017	2017	140 514	13.87	(30 172)	(50 000)	60 342
26 June 2017	2017	4 462 282	13.87	(1 807 547)	(1 025 492)	1 629 243
1 November 2017	2017	778 418	15.48	(440 500)	(144 822)	193 096
2 March 2020	2020	859 000	4.05	–	–	859 000
2 March 2020	2020	120 000	3.19	–	–	120 000
31 August 2020	2020	500 000	3.68	–	–	500 000
		9 225 777		(3 608 650)	(2 020 539)	3 596 588

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

² The vesting price for the 2015, 2016, February 2017, June 2017 and November 2017 awards that vested during 2020 were R4.02, R4.02, R4.25, R3.19 and R3.76 respectively.

³ At 31 December 2020, the fair value of these options based on a closing share price of R5.05 was R18.2 million.

The table below shows the executive participants in the scheme and the forfeitable shares granted to the executives during 2020:

Award date	Opening balance 1 January 2020	Number of forfeitable shares granted	Number of forfeitable shares vested	Total forfeitable shares ¹
XF Mbambo	452 568	239 000	(150 856)	540 712
DA Polkinghorne	134 432	–	(97 381)	37 051
AG Waller	263 574	500 000	(177 044)	586 530
	850 574	739 000	(425 281)	1 164 293

¹ At 31 December 2020, the fair value of these options was R5.9 million.

Grindrod Bank share-price-linked option scheme

A summary of options granted to executives and senior management of Grindrod Bank, still to vest as at 31 December 2020, is as follows:

Date option granted	Number of options granted	Restated price ¹ R	Lapse	Vested/ settled	Net total
2015	1 345 366	11.04	(146 334)	(1 199 032)	–
2016	1 007 342	13.21	(144 887)	(724 251)	138 204
2017	1 220 997	14.33	(351 623)	(536 269)	333 105
2018	1 326 476	15.20	(342 498)	(320 129)	663 849
2019	1 841 078	16.54	(465 253)	(433 204)	942 621
2020	2 262 000	15.01	(201 000)	–	2 061 000
	9 003 259		(1 651 595)	(3 212 885)	4 138 779

¹ The price and units were mathematically adjusted on the separation of Bank and private equity businesses.

Payments totalling R1 144 426 were made on Grindrod Bank options vesting and settled in 2020. This included payments made to DA Polkinghorne of R357 035.

The details of awards granted to an executive as at 31 December 2020 are as follows:

Director	Options at 1 January 2020	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2020	Option price ¹ R	Vesting dates
DA Polkinghorne	55 518		(55 518)	15.01	–	7.55	February 2020
	54 337		(54 337)	15.01	–	13.21	February 2020
	54 337				54 337	13.21	February 2021
	57 093		(57 093)	15.01	–	14.33	February 2020
	57 093				57 093	14.33	February 2021
	57 093				57 093	14.33	February 2022
	69 299				69 299	15.20	February 2021
	69 299				69 299	15.20	February 2022
	69 299				69 299	15.20	February 2023
	72 842				72 842	16.54	February 2022
	72 842				72 842	16.54	February 2023
	72 842				72 842	16.54	February 2023
		124 666			124 666	15.01	February 2024
		124 667			124 667	15.01	February 2025
		124 667			124 667	15.01	February 2026
	761 894	374 000	(166 948)		968 946		

¹ The price and units were mathematically adjusted on the separation of Bank and private equity businesses.

REPORT OF THE AUDIT COMMITTEE

The Audit committee is a statutory Board sub-committee, appointed by the shareholders to assist the Board in its corporate governance supervision responsibilities. The committee operates independently of management, is free of any organisational restraint or pressure and acts in accordance with its statutory duties and the delegated authority of the Board, within formally approved [Terms of Reference](#), reviewed and approved annually.

ROLE OF THE COMMITTEE

The Audit committee ensures that accurate financial reporting and adequate systems, controls and financial risk-management policies, procedures and standards are in place. The committee is responsible to ensure appropriate corporate governance and compliance within the scope of its mandate, with a specific focus on the potential risks to Grindrod, and for IT governance and the strategic alignment of IT with the performance and sustainability objectives of Grindrod.

The committee is also, subject to Board approval, authorised to investigate any activity within the scope of its Terms of Reference and to interact with the directors, management, employees and assurance providers and to obtain independent professional advice to ensure effective governance. The committee has decision-making authority regarding its statutory duties and is accountable to the Board and Grindrod's shareholders.

COMPOSITION AND COMMITTEE MEETINGS

The committee composition adheres to the requirements of the Companies Act, the JSE Listings Requirements and King IV. The chairman of the Board may not serve as chairman or as a member of the committee.

The committee comprises three independent non-executive directors, all of whom are financially literate. During the year under review, directors serving on the committee included Grant Gelink (re-appointed 28 May 2019 and appointed as chairman 26 November 2014), Willem van Wyk (appointed 30 January 2020) and Zimkhitha Zatu (appointed 30 January 2020). More details of these directors are given on pages 135 and 137.

The independence of the Audit committee and performance of its members were evaluated by the Nomination committee during March 2021. Based on the recommendation of the committee, the Board proposed the election of the members to the shareholders at the forthcoming Annual General Meeting.

The committee invites the Chairman, the CEO, the CFO, internal audit manager and representatives of the external auditors to attend its meetings.

Committee members meet at scheduled meetings twice a year and at unscheduled meetings when required to address urgent matters in its scope of responsibility. Two unscheduled meetings were held in 2020 to approve, inter alia, the 2020 annual financial statements and integrated annual report.

Attendance of committee members at the meetings of the committee during the year is listed on page 139 of this integrated annual report.

Fees paid to the committee members are reflected on page 170 in the remuneration report and the proposed fees for 2021 are detailed on page 194 of the integrated annual report.

The Group Company Secretary serves as secretary to the committee.

The internal and external auditors have unrestricted access to the chairman and members of the committee. In 2020, the chairman of the committee had two meetings with the internal auditors and two with the external auditors without management being present. During these meetings no material issues were raised.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Audit committee based on its annual work plan for 2020 included:

- evaluation of the independence, effectiveness and performance of the internal audit function;
- reviewing and approving the internal audit charter, annual work plan and internal audit fees;
- assessing the suitability, expertise and experience of the CFO and the expertise, experience and resources of Grindrod's finance function;
- reviewing the combined assurance model and the effectiveness of the process for identifying, assessing and reporting on significant internal financial-control and fraud risks as related to financial reporting;
- reviewing the Group IT governance report and IT risks, and evaluation of audit assessments of IT-related controls performed by the internal and external auditors together with the appropriateness of actions taken by management to address key issues identified, and reporting on its findings to the Risk committee;
- reviewing the cyber security user awareness strategy, the cyber security vulnerability and monitoring plan and the cyber security framework implementation plan;
- nominating the independent external auditor and reappointment of the designated audit partner and the approval of their terms of engagement and fees for audit services, for approval by shareholders at the Annual General Meeting;
- reviewing the extent of non-audit services provided by the independent external auditor and approval of the related fees;
- reviewing the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit report;
- reviewing the internal auditors' limited assurance report;
- legislative and regulatory compliance within the scope of its mandate;
- reviewing implementation of Grindrod's tax policy;
- reviewing and recommending to the Board publicly disclosed financial information, including the interim results for the six months ended 30 June 2020;
- reviewing the Annual Financial Statements and results for the year ended 31 December 2020 and this 2020 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the Board of directors;
- ensuring that appropriate financial reporting procedures exist and are functioning efficiently, including consideration of all entities included in the consolidated group IFRS financial statements and ensuring access to all financial information required to effectively report on the financial statements of the Group;
- reviewing and confirming the going concern status;
- assessing and reviewing the audit committee pack submitted by Deloitte & Touche providing the information as per the JSE Listings Requirements, paragraph 22.15(h);
- noting a briefing document on audit matters prepared by Deloitte & Touche;
- evaluating the performance of the Audit committee; and
- approving its annual work plan for 2021.

The functions of the committee are also performed for the subsidiaries within each division of Grindrod Limited. The external auditor was nominated for each material subsidiary company for re-appointment.

Report of the Audit committee continued

EXTERNAL AUDIT

Deloitte & Touche served as Grindrod’s registered external auditors for the 2020 financial year. The terms of engagement, independence, expertise, audit quality, objectivity and the appropriateness of the reappointment of key partners in Deloitte & Touche as the external auditor were appraised by the Audit committee, which includes an annual evaluation. The committee meets with the external auditors twice a year.

In assessing the auditor’s independence, the committee considered guidance contained in King IV as well as Independent Regulatory Board for Auditors (IRBA) publications and the related commentary thereon. Deloitte & Touche have been auditors of the Grindrod Group for 17 years, and audit partner Mark Holme for two 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 and the reappointment of the Group audit partner and key component audit partners at least every five years, independence audits on all partners, established safeguards and procedures and independence training and monitoring of non-audit services.

Following its assessment and review the committee accepted the audit committee pack submitted by the external auditor as required in terms of the JSE Listings Requirements, paragraph 22.15(h) and confirmed that the external auditor and designated audit partner met the required standards prescribed by the JSE Listings Requirements.

The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from Grindrod. External audit fees approved for the 2020 financial year to Deloitte & Touche amounted to R27.3 million (2019: R30.8 million); which includes foreign denominated fees of US\$255 379 (2019: US\$408 530); SGD nil (2019: SGD18 000) and P620 000 (2019: P709 128).

The total non-audit services for the 2020 financial year performed by and paid to Deloitte & Touche amounted to R1.5 million (2019: R4.7 million), of which 76.9% relates to permitted consulting advisory services (2019:80.1% relates to permitted tax services).

Following review, the committee satisfied itself that the auditors’ independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

SIGNIFICANT AREAS OF JUDGEMENT

Many areas within the financial statements require judgement, which are set out in the accounting policies of the [Annual Financial Statements](#).

Key audit matters

The following have been identified as significant audit risks and key audit matters by Grindrod’s independent external auditor:

- **Material property-backed loan**
Included in the Group’s “Loans and advances”, is a material loan of R1 billion (2019: R1.1 billion), secured by the borrowers’ property holdings. The valuation of the properties securing the interest-bearing loan and the related profit share is a Key Audit Matter due to the material amount outstanding, the significant judgements associated with determining the fair value of the security and the considerable length of time since the loan was originally granted.

- **Measurement of loans and advances by the Bank**
Loans and advances by Grindrod Bank are either measured at amortised cost less impairments in terms of an expected credit loss model, or at fair value through profit or loss in accordance with IFRS 9: Financial Instruments. Significant judgement is exercised by the directors in assessing these impairments and fair value measurements which, in aggregate, are considered to be a key audit matter.

For impairments, this includes estimating whether there was a significant increase in credit risk since inception of a loan or advance which determines whether it is classified as Stage 1, 2 or 3; the probability that a loan or advance will default either over a 12 month period or over the lifetime of the loan or advance depending on staging; and the loss given default with a key input being the expected realisable value of the collateral securing the loan or advance.

For fair value, this includes changes in interest rates since inception of the loan or advance (in the case of fixed rate loans and advances); changes in credit risk of the counterparty since inception as well as changes in general market credit spread levels for a given credit rating; changes in general market liquidity spread levels since inception; and the current and projected future value of the asset being financed, in the case of loans and advances where the total payoff depends on the value of such underlying asset.

More detail on these matters is set out in the independent auditors’ report available on the [Grindrod website](#).

INTERNAL FINANCIAL CONTROLS ATTESTATION

In 2019, paragraph 3.84(k) of the JSE Listing Requirements was introduced, requiring the CEO and CFO to make positive statements around their responsibilities to ensure the establishment and maintenance of internal financial controls over the annual financial statement preparation. This was effective for Grindrod’s 31 December 2020 year-end.

The committee has overseen a process guided by principle 15 of the King Code, by which Grindrod’s management and internal audit performed an assessment of the effectiveness of the company and its consolidated subsidiaries internal financial controls, and that these functions support the integrity of information for Grindrod’s annual financial statement preparation.

The following was assessed to substantiate the CEO and CFO’s attestation of financial controls:

- The determination of materiality, the identification of risks associated with significant subsidiaries;
- Testing the design and implementation of financial controls and utilising internal audit as well as management self-assessments to test the operating effectiveness of financial controls; and
- Obtaining assurance letters including control attestations from divisional heads.

The CEO, CFO and the internal auditor, reviewed the internal financial controls, and reported their findings to the Audit committee. The Audit committee considered the identified deficiencies as well as management’s responses (and mitigations) and agreed action plans to remediate in the short term, where not already reported as remediated by management and/or internal audit.

The Audit committee was satisfied that none of the deficiencies identified were pervasive to all subsidiaries nor resulted in any loss to the Group. They also did not arise because of fraud by senior management or prior period errors.

As a result, the Audit committee was satisfied with the CEO and CFO internal financial control attestation.

Report of the Audit committee continued

ANNUAL FINANCIAL STATEMENTS

Following the committee's review of the Annual Financial Statements for the year ended 31 December 2020, it is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS as issued by the IASB, and the JSE Listing Requirements and fairly present the results of operations, cash flows and the financial position of Grindrod. On this basis, the committee recommended that the Board of directors approve the Annual Financial Statements of Grindrod for the year ended 31 December 2020.

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 2020.

JSE PROACTIVE MONITORING

During the financial year under review, the Audit committee reviewed the JSE's reports on its proactive monitoring of the 2019 year-end financial statements and 2020 interim financial statements. Management have reviewed the comments and designed remedial actions, where required. Where applicable, the actions to implement the recommendations made by the JSE are being monitored by the Audit committee.

On behalf of the Audit committee



Grant Gelink
Chairman

09 April 2021

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 2020 (the report).

SCOPE OF WORK

We have performed limited assurance on selected sustainability indicators presented in the report.

The selected sustainability performance indicators are as follows:

- LTIFR;
- Petrol consumption (ML);
- Diesel consumption (ML);
- Electricity consumption (MW);
- Total direct and indirect GHG emissions – scope 1 and scope 2 (CO₂e tonnes); and
- Water consumption

LIMITATION OF AUDIT SCOPE

The limited assurance procedures for the above selected sustainability performance indicators were restricted to the Grindrod Port and Terminals and Logistics divisions only. As such, this assurance report is applicable only to those selected sustainability performance indicators listed above for these named divisions.

INTERNAL AUDIT RESPONSIBILITIES AND APPROACH

Our responsibility is to express our limited assurance conclusion on the above selected sustainability performance indicators for the year ended 31 December 2020 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; and
- 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.

Limited assurance report continued

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.

Internal Audit Activities were carried out in accordance with the approved 2020 Internal Audit Plan and Internal Audit Charter. Internal Audit Methodology applied follows the principles, guidelines and standard of the Institute of Internal Auditors.

OUR CONCLUSION

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that for the year ended 31 December 2020 the selected sustainability performance indicators set out above, in relation to Grindrod Port and Terminals and Logistics divisions, are not prepared, in all material respects, in accordance with the GRI G4 Standards supported by Grindrod’s internally developed guidelines.

Grindrod Internal Audit

09 April 2021

Promethium Carbon assisted Grindrod in the calculation of Grindrod’s carbon footprint and the compilation of other sustainability data. This support included the collation of data from the operational databases, the specification of the calculation methods, the selection of emissions factors, the review of historic data as well as the restatement of historic emissions where required. The greenhouse gas calculations are in accordance with the International Greenhouse Gas Protocol Standard as well as the South African Technical Guidelines for Mandatory Greenhouse Gas Reporting.

Promethium Carbon

09 April 2021



Rail operations | AFRICA

SHAREHOLDERS' INFORMATION

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SHARE ANALYSIS OF ORDINARY SHAREHOLDERS for the year ended 31 December 2020

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	5 805	73.53	7 139 043	1.02
5 001 to 10 000 shares	798	10.11	6 021 529	0.86
10 001 to 50 000 shares	897	11.36	19 449 556	2.79
50 001 to 100 000 shares	161	2.04	11 722 052	1.68
100 001 shares and over	234	2.96	653 699 406	93.65
	7 895	100.00	698 031 586	100.00
Non-public shareholders				
	9	0.12	278 065 642	39.84
Directors of Grindrod	6	0.08	1 466 953	0.21
Treasury stock	1	0.01	26 505 820	3.80
Strategic holdings	2	0.03	250 092 869	35.83
Public shareholders	7 886	99.88	419 965 944	60.16
	7 895	100.00	698 031 586	100.00
Investor profile				
Banks and brokers	62	0.79	61 759 933	8.85
Close corporations	85	1.08	1 174 679	0.17
Endowment funds	19	0.24	1 830 903	0.26
Individuals	6 718	85.08	51 736 199	7.41
Insurance companies	32	0.41	17 806 217	2.55
Investment companies	1	0.01	391	0.00
Medical schemes	10	0.13	450 460	0.06
Mutual funds	89	1.13	159 718 949	22.88
Other corporations	33	0.42	240 433	0.03
Own holdings	1	0.01	26 505 820	3.80
Private companies	206	2.61	86 045 637	12.33
Public companies	2	0.03	752	0.00
Retirement funds	83	1.05	104 363 167	14.95
Strategic investor	1	0.01	173 183 235	24.82
Trusts	553	7.00	13 214 811	1.89
	7 895	100.00	698 031 586	100.00
Geographical breakdown				
South Africa	7 714	97.70	629 585 825	90.20
United States of America and Canada	17	0.22	26 277 843	3.76
United Kingdom	30	0.38	24 142 962	3.46
Rest of Europe	22	0.28	13 900 614	1.99
Rest of the World	112	1.42	4 124 342	0.59
	7 895	100.00	698 031 586	100.00

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Beneficial shareholders holding 5% or more				
Remgro			173 183 235	24.81
Grindrod Investments Proprietary Limited (Grindrod family)			76 909 634	11.02
Government Employees Pension Fund			68 583 732	9.83
PSG Konsult			64 988 488	9.31
			383 665 089	54.97
Top 10 Fund Managers				
PSG Asset Management			64 988 488	9.31
Public Investment Corporation			59 468 287	8.52
Ninety One			49 367 400	7.07
Steyn Capital Management			39 271 174	5.63
Marathon Asset Management			31 273 631	4.48
Sanlam Investment Management			28 751 203	4.12
Dimensional Fund Advisors			14 276 758	2.05
Oasis			8 200 187	1.17
ClucasGray Investment Management			6 326 875	0.91
Eastspring Investments			5 839 654	0.84
			307 763 657	44.10

SHARE ANALYSIS OF CUMULATIVE, NON-REDEEMABLE NON-PARTICIPATING, NON-CONVERTIBLE PREFERENCE SHARES as at 31 December 2020

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	1 480	83.85	1 814 029	24.51
5 001 to 10 000 shares	140	7.93	1 035 069	13.99
10 001 to 50 000 shares	124	7.03	2 296 631	31.04
50 001 to 100 000 shares	15	0.85	1 125 718	15.21
100 001 shares and over	6	0.34	1 128 553	15.25
	1 765	100.00	7 400 000	100.00
Non-public shareholders	1	0.06	1 609	0.02
Public shareholders	1 764	99.94	7 398 391	99.98
	1 765	100.00	7 400 000	100.00
Investor profile				
Banks and brokers	8	0.45	284 022	3.84
Close corporations	17	0.96	184 362	2.49
Endowment funds	16	0.91	119 544	1.62
Individuals	1 361	77.11	3 600 328	48.65
Insurance companies	3	0.17	144 919	1.96
Investment company	1	0.06	1 633	0.02
Mutual funds	31	1.76	996 166	13.46
Other corporations	9	0.51	44 404	0.60
Private companies	83	4.70	719 482	9.72
Public companies	1	0.06	178 390	2.41
Retirement funds	8	0.45	171 748	2.32
Trusts	227	12.86	955 002	12.91
	1 765	100.00	7 400 000	100.00
Geographical breakdown				
South Africa	1 745	98.86	7 144 202	96.55
United States of America and Canada	1	0.06	1 400	0.02
United Kingdom	4	0.23	237 141	3.20
Rest of Europe	4	0.23	942	0.01
Rest of the World	11	0.62	16 315	0.22
	1 765	100.00	7 400 000	100.00

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 54th Annual General Meeting of Grindrod Limited (Grindrod or the Company) will be held electronically on Wednesday, 26 May 2021 at 14:00 for the purpose of considering and if deemed fit, passing with or without modification, according to the requirements of the Companies Act (the Act), as read with the JSE Listings Requirements and Grindrod's Memorandum of Incorporation (MOI), the ordinary and special resolutions as set out below.

Grindrod appointed The Meeting Specialist Proprietary Limited (TMS) to remotely host the Annual General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineers.

The minutes of the Annual General Meeting held on 26 May 2020 are available for inspection at the registered office of Grindrod until 16:00 on 21 May 2021.

1. Presentation of Annual Financial Statements and reports

- 1.1 To present the audited Annual Financial Statements for the financial year ended 31 December 2020, together with the reports of the Audit committee, the directors and the auditors.

A copy of the full audited consolidated financial statements is available on Grindrod's website at www.grindrod.com.

- 1.2 To present the report of the Social and Ethics committee, set out on pages 153 to 155 of the integrated annual report.

2. Ordinary resolutions

2.1 Ordinary resolution 2.1: Re-election of non-executive directors retiring by rotation

To vote on the re-election, each by way of a separate vote, of the following directors who are required to retire by rotation in accordance with article 5.1(8) of the MOI and being eligible, offer themselves for re-election:

- 2.1.1 MJ Hankinson
- 2.1.2 NL Sowazi
- 2.1.3 PJ Uys

The Nomination committee of Grindrod recommended the review of the performance of each of the retiring candidates to the Board, and following assessment of the directors retiring by rotation, the Board recommends their re-election to shareholders.

Mike Hankinson has reached the age of 70 years. Given the status of execution of the Grindrod strategy to restore shareholder value, the Board requested that Mike Hankinson stay on as chairman to maintain momentum and focus. The search for a suitable replacement candidate for chairman is proceeding within this context.

Brief CVs of the directors are provided on pages 134 and 137 of the integrated annual report.

Notice of the Annual General Meeting continued

2.2 Ordinary resolution 2.2: Confirmation of appointment of directors appointed by the Board since the previous Annual General Meeting

To, in accordance with article 5.1(5) of the MOI, confirm the appointment of the following director appointed by the Board since the previous Annual General Meeting:

2.2.1 FB Ally

The Nomination committee of Grindrod has assessed the eligibility of the newly appointed candidate and the Board accepted the result of the assessment. Accordingly, the Board recommends the election to shareholders.

A brief CV of the director is provided on page 135 of the integrated annual report.

2.3 Ordinary resolution 2.3: Election of member and appointment of chairman of the Audit committee

To vote on the election, in terms of section 94 of the Act, of GG Gelink, an independent non-executive director of Grindrod, as a member of the Audit committee and his appointment as the chairman of the committee, until the end of the next Annual General Meeting of Grindrod.

A brief CV of the Audit Committee member is provided on page 135 of the integrated annual report.

2.4 Ordinary resolution 2.4: Election of members of the Audit committee

To vote on the election in terms of section 94 of the Act, each by way of a separate vote, the following independent non-executive directors of Grindrod, as members of the Audit committee to hold office until the end of the next Annual General Meeting of Grindrod:

2.4.1 WO van Wyk

2.4.2 ZP Zatu

Brief CVs of the Audit committee members are provided on page 137 of the integrated annual report.

2.5 Ordinary resolution 2.5: Re-appointment of independent auditors and the designated audit partner

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

2.5.1 The re-appointment of Deloitte & Touche as independent auditors of Grindrod, to hold office until the next Annual General Meeting.

2.5.2 The re-appointment of M Holme as designated audit partner, to hold office until the next Annual General Meeting.

The Audit committee nominated Deloitte & Touche to be independent auditors of Grindrod and M Holme to be designated audit partner and accordingly recommends that Deloitte & Touche and M Holme be appointed as independent auditors and designated audit partner, respectively.

2.6 Ordinary resolution 2.6: General authority to directors to allot and issue ordinary shares

That, as an ordinary resolution, and subject to the provisions of the Act and the JSE Listings Requirements, from time to time, that the directors of Grindrod be and are hereby authorised, as a general authority and approval, to allot and issue, for such purposes and on such terms as they may in their discretion determine, ordinary shares in the authorised but unissued share capital of Grindrod up to a maximum of 5% (five 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 2.6 above is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of Grindrod, up to 5% (five percent) of the number of ordinary shares of Grindrod in issue at the date of passing this resolution, in order to enable Grindrod to take advantage of business opportunities which might arise in the future.

In order for ordinary resolution number 2.6 above to be approved, it must be supported by more than 50% (fifty percent) of the voting rights exercised.

2.7 Ordinary resolution 2.7: General authority to issue ordinary shares for cash

That, as an ordinary resolution, and subject to ordinary resolution number 2.6 above being passed, the directors of Grindrod be and are hereby authorised, in accordance with the Act and the JSE Listings Requirements, to allot and issue for cash, on such terms and conditions as they may deem fit, all or any of the ordinary shares in the authorised but unissued share capital of Grindrod, which they shall have been authorised to allot and issue in terms of ordinary resolution number 2.6 above, subject to the following conditions:

- This authority is valid until Grindrod's next Annual General Meeting, provided that it will not extend beyond 15 (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;
- The number of ordinary shares issued for cash will not in aggregate exceed 5% (five percent) of Grindrod's listed ordinary shares (excluding treasury shares) as at the date of the notice of Annual General Meeting, such number being 671 790 844 ordinary shares in Grindrod's issued share capital (5% (five percent) being 33 589 542 ordinary shares);
- Any ordinary shares issued under this authority during the period of its validity must be deducted from the above number of ordinary shares and the authority shall be adjusted accordingly to represent the same allocation ratio in the event of a sub-division or consolidation of equity securities during the same period;
- The maximum discount permitted at which ordinary shares may be issued is 5% (five percent) of the weighted average traded price on the JSE of such ordinary shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between Grindrod and the party subscribing for the securities; and
- An announcement giving full details, including the number of ordinary shares issued, the average discount to the weighted average traded price of the ordinary shares over the 30 (thirty) business days prior to the date Grindrod agrees to issue the ordinary shares and the impact on net asset value, net tangible asset value, earnings and (if applicable) diluted earnings and headline earnings per ordinary share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to such issue.

Explanatory Note

The reason for proposing ordinary resolution number 2.7 is that the directors consider it advantageous to have the authority to issue ordinary shares for cash in order to enable Grindrod to take advantage of any business opportunity which might arise in the future. At present, the directors have no specific intention to use this authority, and the authority will thus only be used if circumstances are appropriate.

In order for ordinary resolution 2.7 to be approved, it must be supported by more than 75% (seventy-five percent) of the voting rights exercised.

Notice of the Annual General Meeting continued

3. Special resolutions

3.1 Special resolution 3.1: Approval of non-executive directors' fees

That the fees payable to the non-executive directors of Grindrod, members and chairmen of Board committees for the year 1 July 2021 to 30 June 2022, as set out below, be approved.

	Member/Directors/Chairman	Present	Proposed
Board of directors	Chairman	R1 068 800	R1 116 900
	Lead independent director	R782 800	R818 000
	Non-executive director	R391 400	R409 000
Audit committee	Chairman	R275 400	R287 800
	Member	R151 900	R158 700
Investment committee	Chairman	Nil	Nil
	Standing member	R101 300	R105 900
	Ad-hoc member (per meeting)	R23 300	R24 300
Nomination committee	Chairman	R151 900	R158 700
	Member	R83 900	R87 700
Remuneration committee	Chairman	R151 900	R158 700
	Member	R83 900	R87 700
Risk committee	Chairman	R183 600	R191 900
	Member	R102 400	R107 000
Social and Ethics committee	Chairman	R128 700	R134 500
	Member	R77 000	R80 500

The Remuneration committee evaluated the fees for non-executive directors of Grindrod, and members and chairmen of Board committees. Factors such as the responsibilities of non-executive directors, 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 Remuneration committee and accordingly recommends the above fees for approval by the shareholders in terms of section 66(9) of the Act.

3.2 Special resolution 3.2: General authority to provide financial assistance in terms of section 44 of the Act

That, as a general approval, the directors of Grindrod be and are hereby authorised, to the extent required by section 44 of the Act, and subject to compliance with the requirements of Grindrod's MOI and the JSE Listings Requirements (each as presently constituted and as amended from time to time), to provide direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in section 44(1) of the Act), including by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to Grindrod or any of its subsidiaries, and/or to any member of such subsidiary or related or inter-related company or entity, for the specific purpose of or in connection with, the subscription of any option or securities issued or to be issued by Grindrod or a related entity, provided that the Board has applied the solvency and liquidity tests as set out in section 4 of the Act and the terms of the proposed financial assistance is fair and reasonable to Grindrod.

3.3 Special resolution 3.3: General authority to provide financial assistance in terms of section 45 of the Act

That, as a general approval, the directors of Grindrod be and are hereby authorised, subject to the provisions of section 45 of the Act, compliance with the requirements of Grindrod's MOI, the JSE Listings Requirements (each as presently constituted and as amended from time to time) and any other applicable laws that may exist from time to time, to provide direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in section 45(1) of the Act) that the Board of Grindrod may deem fit, to any related or inter-related company or to any juristic person who is a member of or related to any such companies ('related' and 'inter-related' will herein have the meaning so attributed in section 2 of the Act) on

the terms and conditions that the Board of Grindrod may determine from time to time, provided that the Board has applied the solvency and liquidity tests as set out in section 4 of the Act and the terms of the proposed financial assistance is fair and reasonable to Grindrod.

3.4 Special resolution 3.4: Repurchase of Grindrod's ordinary shares

That, as a general approval, the directors of Grindrod be and they are hereby authorised, subject to the provisions of Grindrod's MOI, section 48, read with section 46 of the Act and of the JSE Listings Requirements, to approve the repurchase by Grindrod of its own ordinary shares, and the purchase of ordinary shares in Grindrod by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, provided that:

- the repurchase of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between Grindrod and the counterparty;
- this general authority shall only be valid until the earlier of Grindrod's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which Grindrod's ordinary shares are repurchased in terms of this general authority, the maximum premium at which such ordinary shares may be repurchased will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date on which the transaction is effected;
- the repurchase of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of Grindrod's issued ordinary share capital;
- Grindrod may only effect the repurchase once a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that immediately after the repurchase Grindrod would satisfy the solvency and liquidity tests, and that since this was done there have been no material changes to the financial position of the Group;
- Grindrod or its subsidiaries may not repurchase and/or purchase ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period;
- an announcement, containing full details of repurchases in accordance with sections 5.79 and 11.27 of the JSE Listings Requirements, will be published once Grindrod has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted (initial number), and for each 3% (three percent) in aggregate of the initial number acquired thereafter; and
- at any point in time, Grindrod 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:

- Grindrod and the Group will be able to pay their debts as they become due in the ordinary course of business for the period of 12 (twelve) months after the date of notice of the Annual General Meeting;
- the consolidated assets of Grindrod and the Group, fairly valued in accordance with International Financial Reporting Standards (IFRS), will be in excess of the consolidated liabilities of Grindrod and the Group for the period of 12 (twelve) months after the date of notice of the Annual General Meeting;
- the issued share capital and reserves of Grindrod and the Group will be adequate for the purpose of the ordinary business of Grindrod and the Group for the period of 12 (twelve) months after the date of notice of the Annual General Meeting; and
- the working capital available to Grindrod and the Group will be adequate for the purposes of the business of Grindrod and the Group for the period of 12 (twelve) months after the date of notice of the Annual General Meeting.

Notice of the Annual General Meeting continued

Disclosure

The directors of Grindrod have no specific intention at present for Grindrod or its subsidiaries to repurchase any of the shares of Grindrod as contemplated in this special resolution number 3.4 but considers that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of Grindrod and its shareholders.

The directors, whose names are set out in the Governance Review on pages 134 to 137 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 35 of the integrated annual report; and
- Share capital of Grindrod – page 188 of the integrated annual report.

Other than the facts and developments reported on in the integrated annual report, there have been no material changes to the financial or trading position of Grindrod and its subsidiaries since 31 December 2020 and the issuing of this notice to shareholders.

4. Non-binding advisory votes

4.1 Confirmation of the Group remuneration policy

That, as a non-binding advisory vote, Grindrod's remuneration policy as set out in the remuneration report on pages 166 to 170 of the integrated annual report be and is hereby confirmed.

4.2 Confirmation of the Group implementation report

That, as a non-binding advisory vote, Grindrod's implementation report as set out in the remuneration report on pages 170 to 177 of the integrated annual report be and is hereby confirmed.

In terms of the King Report on Corporate Governance™ for South Africa, 2016 (King IV), separate non-binding advisory votes should be put to the shareholders relating to the Group remuneration policy and implementation report. The votes allow the shareholders to express their views on the remuneration policy and implementation report adopted and implemented but are not binding on Grindrod.

In the event that the Group remuneration policy and/or the Group implementation report is voted against by 25% (twenty-five percent) or more of the voting rights exercised on these resolutions, the Company will in its voting results announcement extend an invitation to dissenting shareholders to engage with the Company to discuss the reasons for their dissenting votes. The manner and timing of such engagement will be set out in the voting results announcement.

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, 23 April 2021.

The record date for shareholders to be recorded in the securities register of Grindrod in order to be able to attend, participate and vote at the Annual General Meeting is Friday, 21 May 2021. Accordingly, the last date to trade in order to be eligible to attend and vote at the Annual General Meeting is Tuesday, 18 May 2021.

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 Wednesday, 26 May 2021, preference shareholders are entitled to attend the Annual General Meeting and to vote together with ordinary shareholders in respect of special resolution number 3.4 regarding renewal of the authority of directors to repurchase ordinary shares.

Logistical arrangements

Shareholders who wish to electronically participate in and/ or vote at the Annual General Meeting are required to complete the Electronic Participation Application Form available on page 202 and email same to TMS at proxy@tmsmeetings.co.za and contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 11:00 am on Friday, 21 May 2021. Shareholders are strongly encouraged to submit votes by proxy before the Annual General Meeting. If shareholders wish to participate in the Annual General Meeting, they should instruct their CSDP or Broker to issue them with the necessary letter of representation to participate in the Annual General Meeting, in the manner stipulated in their Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker, to accommodate such requests.

TMS will assist shareholders with the requirements for electronic participation in, and/ or voting at the Annual General Meeting. TMS is further obliged to validate (in correspondence with Grindrod and, in particular, the Transfer Secretary, JSE Investor Services Proprietary Limited (JSE Investor Services) and shareholders' CSDPs) each such shareholder's entitlement to participate in and/ or vote at the Annual General Meeting, before providing it with the necessary means to access the Annual General Meeting and/ or the associated voting platform.

Shareholders will be liable for their own network charges in relation to electronic participation in and/ or voting at the Annual General Meeting. Any such charges will not be for the account of the JSE Limited, Grindrod and/ or TMS. None of the JSE Limited, Grindrod or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/ or power outages which prevents any such shareholder from participating in and/ or voting at the Annual General Meeting.

Voting by proxy

The minimum percentage of voting rights that is required for the adoption of each ordinary resolution is more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders participating electronically or represented by proxy at the Annual General Meeting, except for ordinary resolution 2.7, which requires 75% (seventy-five percent) approval in terms of the JSE Listings Requirements.

The minimum percentage of voting rights that is required for the adoption of each special resolution is at least 75% (seventy-five percent) of the voting rights exercised on the resolution by shareholders participating electronically or represented by proxy at the Annual General Meeting.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the Annual General Meeting. Shareholders are strongly encouraged to submit votes by proxy in advance of the Annual General Meeting to the JSE Investor Services, 13th Floor Rennie House, 19 Amershoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) South Africa, email meetfax@jseinvestorservices.co.za or facsimile 086 674 2450 by no later than 14:00 on Monday, 24 May 2021.

Kindly ensure that TMS is copied when submitting all completed proxy forms and/ or letters of representation to the JSE Investor Services.

Notice of the Annual General Meeting continued

Please forward all relevant information to the below mentioned:

The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square
2 Gwen Lane
Sandown
South Africa
2196

Attention: Michael Wenner, Farhana Adam or Izzy van Schoor

Tel: +27 11 520-7950/1/2
Email: michael.wenner@tmsmeetings.co.za
Email: farhana.adam@tmsmeetings.co.za
Email: izzy.vanschoor@tmsmeetings.co.za
Email: proxy@tmsmeetings.co.za

A shareholder entitled to electronically participate and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to electronically participate, speak and vote in his/ her stead. A proxy need not be a shareholder of Grindrod. The attached form of proxy is only to be completed by those ordinary shareholders who hold ordinary shares in certificated form or are recorded in the sub-register in “own-name” dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without “own-name” registration and who wish to electronically participate at the Annual General Meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation to electronically participate at the Annual General Meeting in person or proxy and vote. If they do not wish to electronically participate in the Annual General Meeting or by proxy and vote, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

A form of proxy must be lodged with the share transfer secretaries of Grindrod, the JSE Investor Services and copied to TMS, not less than 48 (forty-eight) hours before the time set for the meeting. Completion of a form of proxy will not preclude a shareholder from electronically participating in the Annual General Meeting.

By order of the Board

Grindrod Limited



Vicky Commaille
Group Company Secretary
Durban

09 April 2021

FORM OF PROXY

Grindrod Limited
(Incorporated in the Republic of South Africa)
Registration number 1966/009846/06
Share code: GND and GNDP
ISIN: ZAE000072328 and ZAE000071106

For use in respect of the 54th Annual General Meeting of Grindrod by certificated shareholders or of dematerialised shareholders with own-name registration.

Holders of dematerialised ordinary shares, other than those with own-name registration, must inform their CSDP or broker of their intention to electronically participate in and/or vote at the Annual General Meeting and request their CSDP to issue them with the necessary letter of representation, complete the Electronic Participation Form and email same to TMS. If they do not wish to electronically participate in and/or vote at 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 Grindrod	
do hereby appoint			
1.	of	or failing him/her,	
2.	of	or failing him/her,	

the Chairman of the Annual General Meeting as my/our proxy to electronically participate, speak and vote on my/our behalf at the Annual General Meeting of Grindrod to be held on Wednesday, 26 May 2021 at 14:00 and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such Annual General Meeting.

Please indicate how you wish your proxy to vote by placing a cross (“X”) in the box which applies:

	For	Against	Abstain
Ordinary resolution no. 2.1: Re-election of directors retiring by rotation			
2.1.1. MJ Hankinson			
2.1.2. NL Sowazi			
2.1.3. PJ Uys			
Ordinary resolution no. 2.2: Confirmation of newly appointed director			
2.2.1. FB Ally			
Ordinary resolution no. 2.3: Election of member and appointment of chairman of the Audit committee – GG Gelink			
Ordinary resolution no. 2.4: Election of members of the Audit committee			
2.4.1. WO van Wyk			
2.4.2. ZP Zatu			
Ordinary resolution no. 2.5: Re-appointment of independent auditors and the designated audit partner			
2.5.1. Re-appointment of Deloitte & Touche as independent auditors			
2.5.2. Re-appointment of M Holme as designated audit partner			
Ordinary resolution no. 2.6: General authority to directors to allot and issue ordinary shares			
Ordinary resolution no. 2.7: General authority to issue ordinary shares for cash			
Special resolution no. 3.1: Approval of non-executive directors’ fees			
Special resolution no. 3.2: General authority to provide financial assistance in terms of section 44 of the Act			
Special resolution no. 3.3: General authority to provide financial assistance in terms of section 45 of the Act			
Special resolution no. 3.4: Repurchase of Grindrod’s ordinary shares			
Non-binding advisory vote 4.1: Confirmation of the Group remuneration policy			
Non-binding advisory vote 4.2: Confirmation of the Group implementation report			

Date:	Signature:
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Please read the notes and instructions overleaf.

NOTES TO THE FORM OF PROXY

1. A shareholder entitled to electronically participate and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to participate, speak and vote in his/her stead. A proxy need not be a shareholder of Grindrod.
2. In accordance with Grindrod's MOI, voting shall be by poll only.
3. Please indicate with an "X" in the appropriate spaces overleaf how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain at his/her discretion.

Instructions on signing and lodging the form of proxy

1. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.
3. When there are joint holders of shares, any one holder may sign the form of proxy. In the event of any dispute, the first name appearing in the register shall be taken as the shareholder.
4. The Chairman of the Annual General Meeting shall be entitled to decline to accept the authority of a person signing the proxy form:
 - (a) under a power of attorney; or
 - (b) on behalf of a company;

unless that person's power of attorney or authority is deposited at the offices of Grindrod's share transfer secretaries not less than 48 hours before the Annual General Meeting together with the form of proxy.
5. The completion and lodging of this form of proxy will not preclude the shareholder who grants this proxy from participating electronically in the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.
6. Completed forms of proxy should be lodged at or posted to Grindrod's share transfer secretaries, the JSE Investor Services, at 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), South Africa, email meetfax@jseinvestorservices.co.za or facsimile 086 674 2450 so as to reach them not later than 48 (forty-eight) hours before the time set for the holding of the Annual General Meeting.

ELECTRONIC PARTICIPATION IN THE GRINDROD ANNUAL GENERAL MEETING

1. Shareholders or their proxies who wish to participate in the Annual General Meeting via electronic communication (Participants), must deliver the Electronic Participation Application Form below to TMS via email to proxy@tmsmeetings.co.za.
2. Participants will be able to vote during the Annual General Meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the Annual General Meeting, must provide TMS with the information requested below.
3. Each shareholder, who has complied with the requirements below, will be contacted between Friday, 21 May 2021 and Tuesday, 25 May 2021 via email/ mobile with a unique link to allow them to participate in the virtual Annual General Meeting.
4. The cost of the Participant's phone call or data usage will be at his/ her own expense and will be billed separately by his/her own telephone service provider.
5. The cut-off time, for administrative purposes, to participate in the Annual General Meeting will be 11:00am on Friday, 21 May 2021.
6. The Participant's unique link will be forwarded to the email/ cell number provided in the Electronic Participation Application Form below.

ELECTRONIC PARTICIPATION
APPLICATION FORM

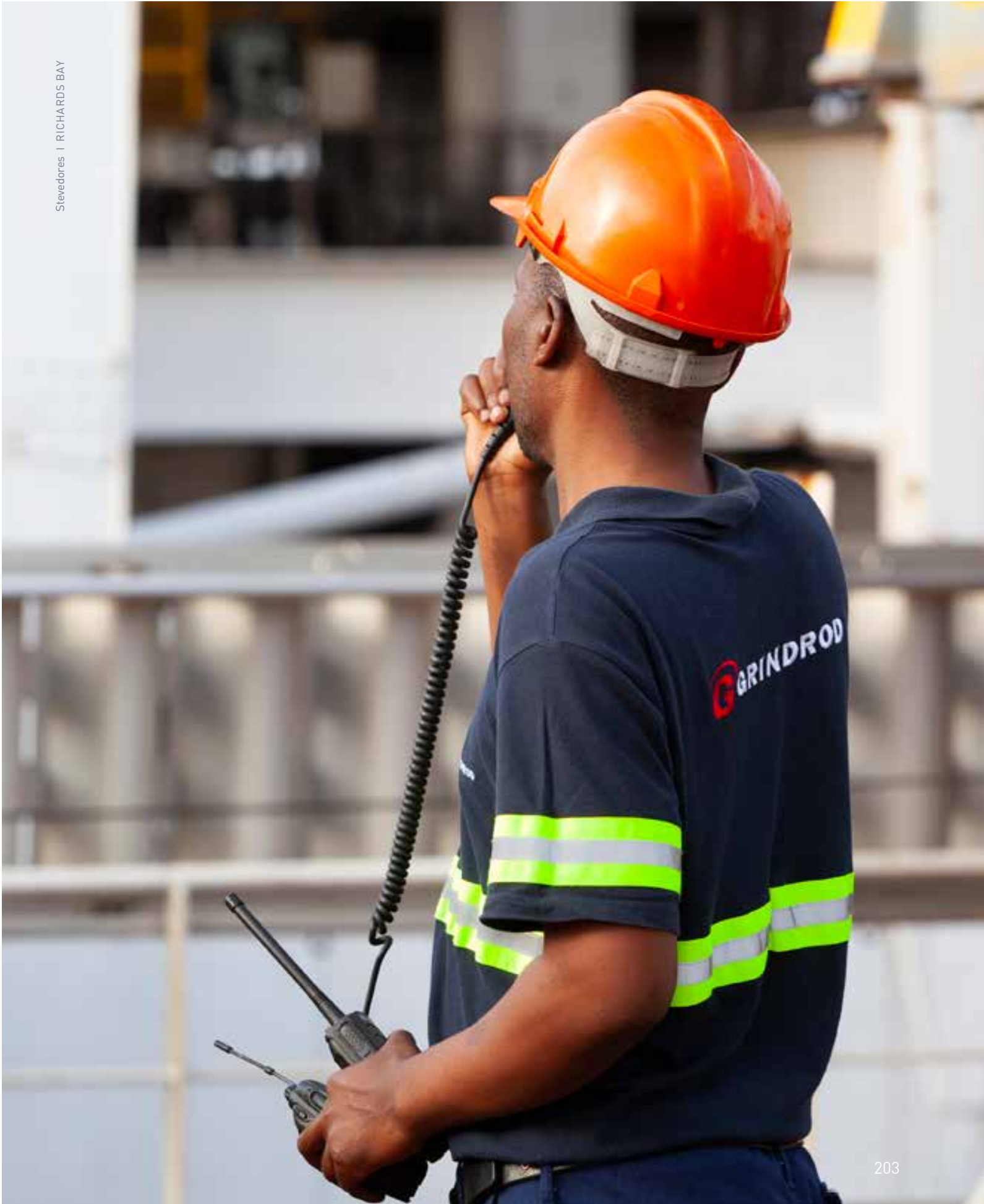
Name and surname of shareholder	
Name and surname of shareholder representative (if applicable)	
ID Number	
Email address	
Cell number	
Telephone number	
Name of CSDP or Broker (if shares are held in dematerialised format)	
SCA Number or Broker Account Number	
Number of Shares	
Signature	
Date	

- Terms and conditions for participation at the Grindrod Annual General Meeting via electronic communication**
1. The cost of dialling in using a telecommunication line/ webcast/ web-streaming to participate in the Annual General Meeting is for the expense of the Participant and will be billed separately by the Participant’s own telephone service provider.
 2. The Participant acknowledges that the telecommunication lines/ webcast/ web-streaming are provided by a third party and indemnifies Grindrod, the JSE Limited and TMS against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/ webcast/ web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/ she will have no claim against Grindrod, the JSE Limited and TMS, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/ webcast/ web-streaming or any defect in it or from total or partial failure of the telecommunication lines/ webcast/ web-streaming and connections linking the telecommunication lines/ webcast/ web-streaming to the Annual General Meeting.
 3. Participants will be able to vote during the Annual General Meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the Annual General Meeting, must act in accordance with the requirements set out above.
 4. Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
 5. The application will only be deemed successful if the Electronic Participation Application Form has been completed and fully signed by the Participant and emailed to TMS at proxy@tmsmeetings.co.za.

Shareholder name: _____

Signature: _____

Date: _____



SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

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APPROVAL OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2020

The preparation of the summarised consolidated financial statements that fairly represent the results of the Group in accordance with the Companies Act and IFRS is ultimately the responsibility of the Board. The Board also ensures an independent audit of the summarised consolidated financial statements by the external auditors. The Board is of the opinion that the internal accounting control systems assure the adequate verification and maintenance of accountability for Grindrod's assets, and assure the integrity of the summarised consolidated financial statements. No major breakdown in controls that could influence the reliability of the summarised consolidated financial statements was experienced during 2020. Based on the financial results of Grindrod and the cash flow forecast for the year ended 31 December 2021, and the application of solvency and liquidity tests, the Board is further of the opinion that the Grindrod group has adequate resources to continue in operation for the foreseeable future. The summarised consolidated financial statements were consequently prepared on a going concern basis.

The Board of directors approved the summarised consolidated financial statements and further authorised Mr Mike Hankinson and Mr Andrew Waller in their respective capacities as Chairman and Chief Executive Officer to sign off the Annual Financial Statements. The summarised consolidated financial statements which appear on pages 209 to 226, are therefore signed on its behalf by:



Mike Hankinson
Chairman
Durban

09 April 2021



Andrew Waller
Chief Executive Officer
Durban

09 April 2021

COMPLIANCE STATEMENT BY THE GROUP COMPANY SECRETARY for the year ended 31 December 2020

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 2020.



Vicky Commaille
Group Company Secretary
Durban

09 April 2021

PREPARATION OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2020

Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the minimum requirements of IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa requirements applicable to summarised financial statements.

The audited consolidated Annual Financial Statements are available at Grindrod's registered office for inspection.

The summarised consolidated financial statements and the full set of consolidated financial statements have been prepared under the supervision of Fathima Ally, CA(SA) and were approved by the Board of directors on 09 April 2020. The directors take full responsibility for the preparation of these summarised consolidated Annual Financial Statements and the financial information has been correctly extracted from the underlying Annual Financial Statements.

Accounting policies

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

Audit opinion

These summarised consolidated financial statements for the year ended 31 December 2020 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the full consolidated financial statements for the year ended 31 December 2020 from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements is included on page 208 of this integrated report and a copy of the auditor's report on the full consolidated financial statements is available on Grindrod's website, together with the financial statements identified in the auditors' reports.

Deloitte & Touche has not audited future financial performance and expectations expressed by the directors included in the commentary in the summarised consolidated financial statements and accordingly do not express an opinion thereon. The auditor's report does not necessarily report on all of the information contained in the summarised consolidated financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should refer to the auditor's report on the full consolidated financial statements available on the Company's website.

Post balance sheet events

There are no adjusting post balance sheet events to report. The sale of Senwes Ltd was finalised on the 30 March 2021 as all conditions precedent have been fulfilled and this is a non-adjusting post balance sheet event.



Fathima Ally CA(SA)
Chief Financial Officer
Durban

09 April 2021

INDEPENDENT AUDITORS' 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 2020, the summarised consolidated income statement, summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Grindrod Limited for the year ended 31 December 2020.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Grindrod Limited, in accordance with IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other matter

We have not audited the non-financial information, any future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Grindrod Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

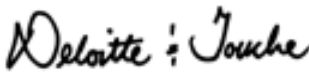
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 9 April 2021. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

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

Registered auditors

Per: MH Holme CA(SA), RA

Partner

09 April 2021
2 Pencarrow Crescent, La Lucia, 4051

SUMMARISED CONSOLIDATED
INCOME STATEMENT
for the year ended 31 December 2020

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Revenue	3 751 156	3 834 459
Trading profit before expected credit loss and depreciation and amortisation	546 868	1 096 928
Expected credit loss	(213 283)	(560 486)
Depreciation and amortisation	(526 299)	(501 468)
Operating (loss)/profit (before interest and taxation)	(192 714)	34 974
Non-trading items	(194 479)	(335 353)
Interest received	116 488	157 343
Interest paid	(326 292)	(299 201)
Loss before share of joint venture and associate companies' profit	(596 997)	(442 237)
Share of joint venture companies' profit/(losses) after taxation	285 303	(141 221)
Share of associate companies' profit after taxation	20 439	24 179
Loss before taxation	(291 255)	(559 279)
Taxation	(119 828)	9 114
Loss for the year	(411 083)	(550 165)
Attributable to:		
Ordinary shareholders	(415 219)	(615 648)
Preference shareholders	51 244	66 044
Owners of the parent	(363 975)	(549 604)
Non-controlling interests	(47 108)	(561)
	(411 083)	(550 165)
Basic loss per share (cents)	(61.4)	(90.5)
Diluted loss per share (cents)**	(61.4)	(90.5)

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.
** Diluted loss per share was calculated on weighted average number of shares due to anti-dilutive effect of the long-term incentive share schemes.

HEADLINE EARNINGS RECONCILIATION for the year ended 31 December 2020

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Reconciliation of headline loss		
Loss attributable to ordinary shareholders	(415 219)	(615 648)
Adjusted for:	247 101	462 952
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	7 751	37 606
Impairment of investments in joint ventures**	99 439	23 544
Loss on re-measurement to fair value less costs to sell	65 029	238 000
Impairment of goodwill**	82 012	–
Net loss on disposal of investments	9 835	39 759
Net profit on disposal of plant, terminals, machinery, vehicles and equipment	(51 320)	(2 276)
Gain on bargain purchase	(10 462)	–
Foreign currency translation reserve release	(7 804)	(1 281)
Joint ventures and associates:		
Net loss on disposal of investments	–	(453)
Net gain on disposal of intangibles, property, terminals, machinery, vehicles and equipment	(2 062)	(3 323)
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	42 056	140 135
Foreign currency translation reserve release	–	455
Total taxation effects of adjustments	12 627	(9 214)
Headline loss	(168 118)	(152 696)
Ordinary share performance		
Number of shares in issue less treasury shares^	671 526	680 284
Weighted average number of shares (basic)	676 640	680 442
Diluted weighted average number of shares	676 640	681 304
Basic headline loss per share	(24.8)	(22.5)
Diluted headline loss per share***	(24.8)	(22.5)
Dividends per share – interim	–	5.0
Dividends per share – final	–	14.2
Dividend cover (headline)	–	4.0

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.

** The investment in joint venture and goodwill was impaired based on recoverable amount which was assessed using value-in-use.

*** Diluted headline loss per share was calculated on weighted average number of shares due to anti-dilutive effect of long-term incentive share schemes.

^ In the current year, 9.2 million shares were bought back as treasury shares and 64.0 million (previously held as treasury shares as part of the consolidation of the B-BBEE consortium) were bought back and cancelled following the B-BBEE repurchase.

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 31 December 2020

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Loss for the year	(411 083)	(550 165)
Other comprehensive (loss)/ income:		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	151 413	(75 109)
Items that will not be reclassified subsequently to profit and loss		
Actuarial losses**	(25 896)	(10 327)
Fair value gain arising on financial instruments**	4 407	4 773
Total comprehensive loss for the year	(281 159)	(630 828)
Total comprehensive loss attributable to:		
Owners of the parent	(238 553)	(628 920)
Non-controlling interests	(42 606)	(1 908)
	(281 159)	(630 828)

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.

** Net of taxation.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the year ended 31 December 2020

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Property, terminals, machinery, vehicles and equipment	1 951 368	1 858 744
Right of use assets	844 644	1 103 398
Goodwill and intangible assets	677 057	772 861
Investments in joint ventures	2 771 627	2 700 626
Investments in associates	113 987	92 917
Investment property	91 617	91 617
Other investments	1 989 910	2 302 077
Preference share investments by trusts	–	644 900
Deferred taxation	151 561	98 910
Long-term negotiable securities	185 232	–
Loans and advances	4 804 042	4 263 948
Total non-current assets	13 581 045	13 929 998
Liquid assets and short-term negotiable securities	2 284 018	2 478 941
Current portion of loans and advances	4 129 176	4 166 910
Current portion of preference share investments by trusts	–	482 544
Inventories	93 092	122 900
Trade and other receivables	1 273 663	1 357 057
Taxation	29 771	23 764
Bank balances and cash	1 846 811	4 729 850
Total current assets	9 656 531	13 361 966
Non-current assets held for sale	367 034	432 063
Total assets	23 604 610	27 724 027

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Share capital and premium	3 950 427	3 982 066
Non-distributable reserves	1 535 732	1 468 632
Accumulated profit	2 622 984	3 156 208
Equity attributable to owners of the Company	8 109 143	8 606 906
Non-controlling interests	(150 134)	(71 653)
Total equity	7 959 009	8 535 253
Long-term borrowings	341 490	268 230
Lease liabilities	703 071	924 878
Long-term Bank and private equity funding	386 764	1 117 838
Derivative financial liabilities	73 046	23 422
Participatory contribution for preference share investments	–	77 544
Deferred taxation	63 397	136 296
Provision for post-retirement medical aid	21 039	22 724
Deposits from Bank customers	234 276	352 757
Provisions	14 143	10 082
Total non-current liabilities	1 837 226	2 933 771
Trade and other payables	1 440 209	1 513 435
Current portion of long-term borrowings	103 901	177 476
Current portion of lease liabilities	264 792	280 869
Current portion of Bank and private equity funding	1 345 601	535 009
Current portion of deposits from Bank customers	9 199 405	10 827 608
Current portion of participatory contribution for preference share investments	–	1 646 732
Short-term borrowings and bank overdraft	1 352 764	1 223 973
Taxation payable	101 703	49 901
Total current liabilities	13 808 375	16 255 003
Total equity and liabilities	23 604 610	27 724 027

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2020

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Operating (loss)/profit	(192 714)	34 973
Non-cash adjustments	1 100 144	883 830
Operating profit before working capital changes	907 430	918 803
Working capital changes	(36 371)	100 359
Cash generated from operations	871 059	1 019 162
Net interest paid	(223 348)	(172 215)
Net dividends received/(paid)	217 790	(134 385)
Taxation paid	(196 503)	(122 862)
	668 998	589 700
Other operating cash flows from Bank		
Net advances to customers and other short-term negotiable securities	(2 443 688)	(252 414)
Net cash flows from operating activities	(1 774 690)	337 286
Net movement in acquisition of property, terminals, machinery, vehicles and equipment acquired	(145 916)	(139 459)
Net movement in acquisition of investments	(47 030)	(43 742)
Net movement on disposal of non-current assets held for sale	–	305 331
Funds advanced to joint ventures and associate companies	(83 129)	(29 961)
Net cash flows from investing activities	(276 075)	92 169
Acquisition of treasury shares	(45 442)	(2 737)
Acquisition of non-controlling interest	(74 161)	–
Net movement in long-term funding	(712 799)	(296 061)
Net cash flows from financing activities	(832 402)	(298 798)
Net (decrease)/increase in cash and cash equivalents	(2 883 167)	130 657
Cash and cash equivalents at beginning of the year	3 758 759	3 639 237
Difference arising on translation	68 363	(11 135)
Cash and cash equivalents at end of the year	943 955	3 758 759

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2020

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Ordinary and preference share capital and share premium	3 950 427	3 982 066
Balance at beginning of the year	3 982 066	3 977 456
Share options vested	13 803	7 347
Treasury shares acquired	(45 442)	(2 737)
Equity compensation reserve	47 857	56 471
Balance at beginning of the year	56 471	54 991
Share-based payments	5 189	8 827
Share options vested	(13 803)	(7 347)
Foreign currency translation reserve	1 598 738	1 455 229
Balance at beginning of the year	1 455 229	1 529 560
Foreign currency translation realised	(7 804)	1 281
Foreign currency translation adjustments	151 313	(75 612)
Other non-distributable statutory reserves	(110 863)	(43 068)
Balance at beginning of the year	(43 068)	(43 637)
Foreign currency translation adjustments	3 402	569
Acquisition of non-controlling interest	(71 197)	(22 265)
Business combination disposal	–	22 265
Accumulated profit	2 622 984	3 156 208
Balance at beginning of the year	3 156 208	3 912 258
Other comprehensive income from financial instruments	4 407	4 773
Actuarial losses recognised	(25 896)	(10 327)
Loss for the period	(363 975)	(549 604)
Ordinary dividends paid	(96 516)	(134 848)
Preference dividends paid**	(51 244)	(66 044)
Total interest of shareholders of the Company	8 109 143	8 606 906
Equity attributable to non-controlling interests of the Company	(150 134)	(71 653)
Balance at beginning of the year	(71 653)	52 280
Foreign currency translation adjustments	4 502	(1 347)
Non-controlling interest acquired	(33 675)	(117 207)
Loss for the period	(47 108)	(561)
Ordinary dividends paid	(2 200)	(4 818)
Total equity attributable to shareholders of the Company	7 959 009	8 535 253

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.

** Preference dividends paid relate to cumulative, non-redeemable, non-participating and non-convertible preference shares declared and are based on 88% of the prime interest rate.

SEGMENTAL INFORMATION

for the year ended 31 December 2020

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Revenue		
Port and Terminals	1 081 990	1 151 844
Logistics	3 232 044	3 272 575
Bank	378 236	350 326
Group	57 351	41 590
Total core operations	4 749 621	4 816 335
Marine Fuels and Agricultural Logistics	11 504 669	16 041 200
Private Equity and Property	116 043	77 487
Total	16 370 333	20 935 022
Segmental adjustments**	(12 619 177)	(17 100 563)
	3 751 156	3 834 459
Trading profit (after expected credit loss)		
Port and Terminals	460 611	458 316
Logistics	906 724	854 716
Bank	38 376	94 164
Group	(50 010)	(959)
Total core operations	1 355 701	1 406 237
Marine Fuels and Agricultural Logistics	103 725	(627 852)
Private Equity and Property	(489 361)	56 710
Total	970 065	835 095
Segmental adjustments**	(636 480)	(298 654)
	333 585	536 441
Operating profit/(loss) before interest and taxation		
Port and Terminals	335 467	329 318
Logistics	330 578	345 484
Bank	22 770	80 106
Group	(52 169)	(27 428)
Total core operations	636 646	727 480
Marine Fuels and Agricultural Logistics	98 784	(633 663)
Private Equity and Property	(498 214)	55 496
Total	237 216	149 313
Segmental adjustments**	(429 930)	(114 340)
	(192 714)	34 973

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.

** For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby effective share of the Group's ownership is applied to each line item above. In the consolidated annual financial statements (IFRS presentation), investments in joint ventures are equity accounted. Segmental adjustments relate to effects of proportionate consolidation to reconcile to IFRS presentation.

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000*
Share of associate companies' profit/(loss) after taxation		
Port and Terminals	88 839	71 535
Logistics	303	(186)
Total core operations	89 142	71 349
Marine Fuels and Agricultural Logistics	–	14 465
Total	89 142	85 814
Segmental adjustments**	(68 703)	(61 634)
	20 439	24 180
Profit/(loss) attributable to ordinary shareholders		
Port and Terminals	226 084	175 235
Logistics	137 158	133 694
Bank	37 567	83 407
Group	(71 375)	(76 255)
Total core operations	329 434	316 081
Marine Fuels and Agricultural Logistics	(69 516)	(915 525)
Private Equity and Property	(675 137)	(16 204)
	(415 219)	(615 648)
Geographical revenue		
North America/Bermuda	34 100	36 439
South America	117 456	365 578
Middle East	3 910 600	5 358 606
United Kingdom/Europe/Isle of Man	410 906	1 371 997
Singapore/Asia/Far East/Australia	7 097 388	8 749 274
Rest of Africa	1 608 734	1 762 353
South Africa	3 191 149	3 290 775
	16 370 333	20 935 022

* Re-presented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 10.

** For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby effective share of the Group's ownership is applied to each line item above. In the consolidated annual financial statements (IFRS presentation), investments in joint ventures are equity accounted. Segmental adjustments relate to effects of proportionate consolidation to reconcile to IFRS presentation.

NOTES TO SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2020

1. Foreign currency denominated items

The statement of financial position is translated at the closing rate of exchange indicated below and the income statement is translated at the average exchange rate.

Exchange rates (ZAR/US\$)	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000
Opening exchange rate	14.00	14.38
Closing exchange rate	14.62	14.00
Average exchange rate	16.56	14.46

2. Revenue

Revenue category	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000
Bulk terminals	354 199	500 357
Container handling	1 385 972	1 376 078
– Recognised at a point in time	885 962	912 234
– Recognised over time	500 010	463 844
Logistics	844 746	972 365
Net interest income of Bank	91 941	121 730
Fee income of Financial Services	286 861	228 596
Ships agency income	449 021	381 973
Other services	338 416	253 360
	3 751 156	3 834 459

3. Participatory contributions for preference share investments

Revenue category	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000
Preference share assets	–	1 127 444
Participatory contributions	–	(1 724 276)

During the current year, Grindrod Bank has given up the ability to appoint trustees in Grindrod Investment Trust (GIT) and no longer has a residual interest in the trust. Further, an independent third party has been appointed manager of the trust. Consequently, these actions have resulted in a loss of control over GIT and the trust is no longer consolidated in terms of IFRS 10: Consolidated Annual Financial Statements, with effect from 1 September 2020.

4. Financial instruments disclosure

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable or based on observable inputs:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Levels 2 and 3 fair values were determined by applying either a combination of, or one of the following, valuation techniques:

- Projected unit method; and/or
- Market value, including credit and liquidity risk; and/or
- The net asset value of the underlying investments; and/or
- A price earnings multiple or a discounted projected income/present value approach; and/or
- Market-related interest rate yield curves to discount expected future cash flows; and/or
- Any additional revenue arrangements valued per the specified arrangement based on the specified underlying asset. The specified underlying assets include property and unlisted investments supported by management valuation.

The fair value measurement based on income approach valuation uses key inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management reassesses the earnings or yield multiples at least annually based on its assessment of the macro- and microeconomic environments.

	2020 Fair value instruments					Other non- financial instruments
(R'000)	Carrying value	Level 1	Level 2	Level 3	Amortised cost	
Financial instruments						
Cash and cash equivalents	1 846 811	-	-	-	1 846 811	-
Other investments	1 989 910	96 187	68 768	1 504 997	319 958	-
Loans and advances	8 933 218	-	952 353	2 640 843	5 340 022	-
Trade and other receivables	1 273 663	-	-	-	1 152 076	121 587
Borrowings	(4 498 382)	-	-	-	(4 498 382)	-
Derivative financial liabilities	(73 046)	-	(73 046)	-	-	-
Trade and other payables	(1 440 209)	-	-	-	(1 207 738)	(232 471)
Deposits from Bank customers	(9 433 681)	-	-	-	(9 433 681)	-
Non-financial instruments						
Investment property	91 617	-	-	91 617	-	-
Total		96 187	948 075	4 237 457	(6 480 934)	(110 884)

Notes to financial statements continued

4. Financial instruments disclosure continued

	2019					
	Fair value instruments					
	Carrying value	Level 1	Level 2	Level 3	Amortised cost	Other non-financial instruments
Financial instruments						
Cash and cash equivalents	4 729 850	–	–	–	4 729 850	–
Other investments	2 302 071	178 437	132 211	1 679 685	311 738	–
Preference shares linked to participatory contributions	1 127 444	–	–	–	1 127 444	–
Loans and advances	8 430 859	–	967 888	2 466 627	4 996 343	–
Trade and other receivables	1 357 062	–	–	–	1 167 226	189 836
Borrowings	(4 528 278)	–	–	–	(4 528 278)	–
Derivative financial liabilities	(23 422)	–	(23 422)	–	–	–
Trade and other payables	(1 479 487)	–	–	–	(1 227 914)	(251 573)
Participatory contributions	(1 724 276)	–	–	–	(1 724 276)	–
Deposits from Bank customers	(11 180 365)	–	–	–	(11 180 365)	–
Non-financial instruments						
Investment property	91 618	–	–	91 618	–	–
Total		178 437	1 076 677	4 237 930	(6 328 232)	(61 737)

Fair value losses recognised in the summarised consolidated statement of other comprehensive income for Level 3 financial instruments were R137.9 million (2019: fair value gains of R243.4 million).

Reconciliation of Level 3 fair value measurements of financial assets

	Audited 31 December 2020 R'000	Audited 31 December 2019 R'000
Opening balance	4 237 930	3 099 845
Transfers	–	417 401
Purchases	293 117	1 289 941
Settlements	(155 701)	(741 145)
IFRS 10 eliminations	–	(71 557)
Total gains/(losses) recognised in:		
Summarised consolidated statement of other comprehensive income	32 314	4 434
Summarised consolidated income statement	(170 203)	239 011
Closing balance	4 237 457	4 237 930

In the prior year, the Group reassessed all its loans and advances considering acquisition of profit share components and the realisable value of the loan together with the recoverability of Grindrod's investment in the underlying entities. As a result, these loans are fair value loans and reclassified from loans and advances to Level 3 fair valued loans.

4. Financial instruments disclosure continued

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Material investment	Fair value at 31 December 2020 (R'000)	Fair value at 31 December 2019 (R'000)	Valuation method	Unobservable input	Range of inputs	Relationship of unobservable inputs to fair value ('000)
Private equity	142 800	251 707	Adjusted Net asset value	Based adjusted net asset value	Based on adjusted net asset value	Based on adjusted net asset value
Medical	185 437	225 591	Discounted cash flow	Perpetuity growth Discount rate	<ul style="list-style-type: none"> 6.0% – 8.0% 12.0% – 14.0% 	<p>Increase perpetuity growth to 8.0% and increased WACC to 14.0% would decrease FV to R176 396</p> <p>Decrease perpetuity growth to 6.0% and decreased WACC to 12.0% would increase FV to R194 309</p>
Asset financing	283 136	175 818	Price multiple approach	PE Multiple	• 8.8x – 10.8x	<p>Increased PE multiple to 10.8x would increase FV to R312 058</p> <p>Decreased PE multiple to 8.8x would decrease FV to R254 505</p>
Asset financing	82 882	60 662	Net asset value	Based on net asset value	Based on net asset value	Based on net asset value
Real estate	507 057	487 570	Net asset value driven by underlying property valuation	Based on net asset value driven by underlying property valuations for which comparable sale transactions in the market were considered	Based on net asset value driven by underlying property valuations for which comparable sale transactions in the market were considered	<p>This investment relates to preference share investments into commercial and residential property in the UK.</p> <p>Increase of 10% of the underlying property valuations will increase the investment fair value by GBP5 013.</p> <p>Decrease of 10% of the underlying property valuations will reduce the investment fair value by GBP4 249.</p> <p>For the commercial property:</p> <p>This comprised over 75% of the portfolio. The Group is part of a waterfall structure in which its preference shares rank second after external bank funding. Consequently, the value of the underlying property would have to decrease by 34% before the investment is fully impaired.</p> <p>For the residential property:</p> <p>An increase of 10% of the underlying property valuation will increase the investment fair value by GBP3 092.</p> <p>Decrease of 10% of the underlying property valuation will reduce the investment fair value by GBP 658.</p> <p>The Group's maximum exposure on residential property is R124.3 million.</p>

Notes to financial statements continued

4. Financial instruments disclosure continued

Material investment	Fair value at 31 December 2020 (R'000)	Fair value at 31 December 2019 (R'000)	Valuation method	Unobservable input	Range of inputs	Relationship of unobservable inputs to fair value ('000)
North coast property loans	1 377 428	1 420 730	Underlying security valuation	Discount rate Growth rate Highest and best value of combined properties which is derived from the selling price per square metre	Per expert valuation	Fair value of the loans range between R1.1 billion and R1.6 billion. Fair values of the loans is based on the combined properties value of R2.5 billion, determined independently, of which R1.8 billion constitutes the Group's security. Increase of 10% R128.0 million Decrease of 10% (R128.0 million)
Loans and advances – Bank	1 263 415	1 151 241	Discounted cash flow	Credit spread* range of 2% to 17.2%*		Increase of 100bps – R14 460 Decrease of 100bps – (R14 933)

* The loans are valued by forecasting the future interest rate by forecasting the forward interest rate on the contractually referenced floating interest rate curve and adding the contractual fixed inception credit spread. This future interest rate is applied to the nominal or carrying amount of the loan. The interest and capital cash flows are discounted using the Prime or JIBAR swap yield curves back to the valuation date. An appropriate credit spread is generally added to the curve used for discounting purposes to reflect the current credit risk associated with the borrower. If the borrower of the loan has had no change in credit risk profile since inception, the inception credit spread is applied.

Valuation process

The Group's finance and corporate finance teams perform valuations on certain assets for financial reporting purposes. The valuation input, assumptions, methodology and outputs are then challenged and debated with the Group Chief Financial Officer (CFO) prior to approval. Teams present their valuations for significant investments to the CFO who interrogates the methodology used and the assumptions applied in the valuations. Discussions of valuation processes and results are held between the CFO and the respective teams at least once every six months, in line with the Group's half-yearly reporting periods. Any resulting adjustments to the carrying value will follow the internal approval process. North coast properties, being security on the lending, are assessed by an independent valuation professional.

The main four inputs used by the Group in measuring the fair value of financial instruments are:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risks adjustments these are specific to the counterparties (including assumptions about credit default rates) and are derived from the market assumptions on the operational environment and other factors affecting the investment.
- Earnings growth factor for unlisted investments: these are estimated based on market information for similar types of companies or historical growth patterns.
- Independent expert valuations: valuations were conducted by registered independent experts using both the market approach and investment method.

5. Related party transactions

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 are entered into under terms that are no more or less favourable than those entered into with the external third parties.

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

Nature of relationship		Audited 31 December 2020 R'000	Audited 31 December 2019 R'000
Goods and services sold to:			
Portus Indico	Joint venture	157 452	21 690
Terminal De Carvo da Matola Limitada	Joint venture	211 953	19 941
GPR Leasing Africa Limited	Joint venture	51 922	7 080
Röhlig Grindrod Proprietary Limited	Joint venture	43 357	55 888
Interest earned on loans to associates	Associates	126 406	207 868
Goods and services purchased from:			
Cockett Marine Oil Private Limited	Joint venture	(101 773)	(123 216)
Amounts due from related party:			
Maputo Intermodal Container Depot, S.A	Joint venture	67 618	169 766
RailCo Africa Limited	Joint venture	118 685	–
RBT Grindrod Terminals Proprietary Limited	Joint venture	186 301	159 994
RBT Resources Proprietary Limited	Other related party	190 398	176 036
GPR Leasing Africa Proprietary Limited	Joint venture	–	145 581
Loans to associates:		1 601 639	1 994 864
Property owning entities		822 044	526 139
Investment entities		319 992	517 272
Private equity portfolio		459 603	951 453
Directors (directly or indirectly)	Directors and key officers	1 760	4 229
Interests held by directors:		Equity investment in:	% held
DA Polkinghorne	Indirect shareholding in various Grindrod entities	<2	<2
DA Polkinghorne	Direct shareholding in SIRE (UK)	<2	<2
Various directors	Grindrod Limited ordinary and preference shares	0.21	0.14

Notes to financial statements continued

6. Contingent assets/liabilities

The Group guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 334.9 million (2019: R3 192.1 million) of which R2 011.9 million (2019: R2 180.4 million) had been utilised at year-end.

Despite settlement in December 2020 of an investigation by Brazilian authorities into Cockett Group, the Cockett Group is still under investigation by two other authorities. External legal counsel has been engaged to assist the Cockett Group in responding to such investigations in an open and transparent way and are proactively co-operating with the authorities concerned. One investigation has been dormant for more than a year and the other only affects a small subsidiary of the Cockett Group. Any potential exposures (such as fines, penalties or legal costs) are not possible to determine and estimate at this stage. The settlement is still subject to review by the Brazilian Federal General Controlling Office and it is not possible to estimate when this will happen, but no changes are expected.

7. Capital expenditure and commitments

Rm	Capital expenditure		Split as follows	
	2020	2021	Approved not contracted	Approved and contracted
Core operations	404	361	82	279
Port and Terminals	49	44	–	44
Logistics	355	317	82	235
Split as follows:				
Subsidiaries	305	354	82	272
Joint ventures	99	7	–	7

Total capital expenditure was R403.8 million (2019: R455.5 million), of which 54% was expansionary and the balance maintenance or replacement capital expenditure.

8. Cash flow and borrowings

The financial position reflects net debt of R682.8 million (2019: R69.0 million). The Group generated operating profit before working capital cash flows of R907.4 million (2019: R918.8 million) during the year. Working capital contributed to a net outflow of R36.4 million (2019: R100.4 million net inflow).

9. Statement of financial position

With total assets of R23 604.6 million (2019: R27 724.0 million) and low gearing, the Group's financial position remains good. Book net asset value per share is 1 075 cents (2019: 1 146 cents).

Shareholders' equity decreased to R7 959.0 million (2019: R8 535.3 million) mainly because of losses incurred in the current year. The increase of R143.5 million in the foreign currency translation reserve was due to the weaker Rand against the US dollar from R14.00/US\$ in December 2019 to R14.62/US\$ in December 2020. Ordinary shares in issue are 698 031 586 (2019: 762 553 314), following the repurchase and cancellation of shares from the B-BBEE consortium.

10. Restatement

The financial results for the prior year were restated to reflect the Marine Fuels and Agricultural Logistics segment as a continuing operation. Whilst the sale of the Agricultural investments was executed, pending the fulfilment of certain conditions, the sale process with regards to the Marine Fuels investment was delayed and is no longer highly probable in the short term. In terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, this segment therefore had to be reclassified to continuing operations and could no longer be reported as a discontinued operation. Agricultural Logistics investment is still classified as non-current assets held for sale.

10. Restatement continued

Whilst classified as non-current assets held for sale, the Marine Fuels business was carried at fair value and no profits/(losses) were reported in equity accounted earnings. The reclassification out of non-current assets held for sale results in these profit/(losses) being reported in equity accounted earnings and accordingly 2019 was restated.

The impact of the above restatements and re-presentations are as follows:

Continuing operations	Earnings R'000	Headline earnings R'000	EPS (cents)	HEPS (cents)
December 2019 results previously reported	299 875	525 154	44.1	77.2
Add: Marine Fuels and Agricultural investments previously included in discontinued operations	(707 534)	(469 861)	(104.0)	(69.1)
Less: Marine Fuels change in measurement adjustment*	(207 989)	(207 989)	(30.6)	(30.6)
December 2019 restated results	(615 648)	(152 696)	(90.5)	(22.5)

* This relates to the equity accounted earnings not previously recognised.

The impact on the statement of financial position as at 31 December 2019:

	Previously reported as at 31 December 2019 R'000	Restatement of Marine Fuels out of non-current assets held for sale R'000	Restated balances at 31 December 2019 R'000
Property, terminals, machinery, vehicles, and equipment	1 858 744	–	1 858 744
Right of use assets	1 103 398	–	1 103 398
Goodwill and intangible assets	772 861	–	772 861
Investments in joint ventures	2 348 145	352 481	2 700 626
Investments in associates	92 917	–	92 917
Investment property	91 617	–	91 617
Other investments	2 302 077	–	2 302 077
Preference share investments by trusts	644 900	–	644 900
Deferred taxation	98 910	–	98 910
Loans and advances	4 263 948	–	4 263 948
Total non-current assets	13 577 517	352 481	13 929 998
Total current assets	13 361 966	–	13 361 966
Non-current assets held for sale	985 892	(553 829)	432 063
Total assets	27 925 375	(201 348)	27 724 027
Total assets: capital and reserves			
Share capital and premium	3 982 066	–	3 982 066
Non-distributable reserves	1 461 991	6 641	1 468 632
Accumulated profit	3 364 197	(207 989)	3 156 208
Equity attributable to owners of the Company	8 808 254	(201 348)	8 606 906
Non-controlling interests	(71 653)	–	(71 653)
Total equity	8 736 601	(201 348)	8 535 253
Total non-current liabilities	2 933 771	–	2 933 771
Total current liabilities	16 255 003	–	16 255 003
Total equity and liabilities	27 925 375	(201 348)	27 724 027

Notes to financial statements continued

10. Restatement continued

Following the reclassification of Marine Fuels into continuing operations, as well as the Group's strategy to realise non-core businesses, the segments have been restated in line with how the chief operating decision maker analyses the Group as well as the requirements of IFRS 8: Operating segments. This resulted in the Marine Fuels and Agricultural Logistics and the Private Equity and Property segments being included as non-core.

11. Subsequent events

There are no adjusting post balance sheet events to report. The sale of Senwes Limited was finalised on 30 March 2021 as all conditions precedent have been fulfilled and this is a non-adjusting post balance sheet event.



Marine and industrial engineering services
CAPE TOWN

LIST OF
ABBREVIATIONS

Abbreviation	Definition
ARSS	African Rolling Stock Solutions
BASA	Banking Association of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BBR	Beitbridge Bulawayo Railways
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CFM	Ports and Railway Company of Mozambique
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CO ₂	Carbon dioxide
CO ₂ e	Carbon dioxide equivalent
Companies Act	Companies Act, No 71 of 2008 [South Africa]
Company	Grindrod Limited
COSO	Committee of Sponsoring Organisations of the Treadway Commission
COVID-19	Coronavirus disease
CRET	Cyril Ramaphosa Education Trust
CSDP	Central Securities Depository Participant
CSI	Corporate social investment
CSR	Corporate social responsibility
CV	Curriculum vitae
DOL	Department of Labour
DPW	Dubai Ports World
DRC	Democratic Republic of the Congo
DTI	Department of Trade and Industry
EBITDA	Earnings before interests, tax, depreciation and amortisation
EE	Employment equity
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
FSCA	Financial Sector Conduct Authority
FTE	Full-time equivalent
GACP	Generally Accepted Compliance Practice
GCRC	Global Credit Rating Company
GEPF	Government Employees Pension Fund
GFS	Grindrod Freight Services
GFS Holdings	GFS Holdings Proprietary Limited
GHG	Greenhouse gas
GLM	Grindrod Logistics Mozambique
GML	Grindrod Mozambique Limitada
GPR	Grindrod Pembani Remgro

Abbreviation	Definition
GRI	Global Reporting Initiative
Grindrod	Grindrod Limited
HDSA	Historically Disadvantaged South African
HEPS	Headline earnings per share
HFC	Hydrofluorocarbons
HIV	Human immunodeficiency virus
HR	Human Resources
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IoDSA	Institute of Directors South Africa
IR	Investor relations
IRBA	Independent Regulatory Board for Auditors
IRMSA	Institute of Risk Management South Africa
<IR>	Integrated Reporting
ISO	International Standards Organisation
IT	Information Technology
JSE	Johannesburg Stock Exchange Limited
King IV	The King IV Report on Corporate Governance for South Africa, 2016
kl	Kilolitre
KPI	Key performance indicator
kWh	Kilowatt hour
l	Litre/s
LTIFR	Lost-time injury frequency rate
LNG	Liquefied natural gas
m ²	Square metre
m ³	Cubic metre
MCTL	Maputo Car Terminal
MICD	Maputo Intermodal Container Depot
ML	Megalitre
MOI	Memorandum of Incorporation
MPDC	Maputo Port Development Company
mtpa	Million tonnes per annum
MW	Megawatt
MWh	Megawatt-hours
n/a	Not Applicable
NASDAQ	National Association of Securities Dealers Automated Quotations
NBI	National Business Initiative
NGO	Non-governmental Organisation
NLPI	NLPI Limited
NOx	Nitrous oxide
NPAT	Net profit after tax
N-S Corridor	North-south corridor
OACL	Ocean Africa Container Lines
OECD	Organisation for Economic Co-operation and Development

List of abbreviations continued

Abbreviation	Definition
OEM	Original equipment manufacturer
OTGC	Oiltanking Grindrod Calulo
PA	Prudential Authority
PMBOK	Project Management Body of Knowledge
Prince II	Projects In Controlled Environments II
PT&L	Port and Terminals and Logistics
RBCT	Richards Bay Coal Terminal Proprietary Limited
RBTG	RBT Grindrod Terminals Proprietary Limited
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SDG	Sustainable Development Goal
SDGs	Sustainable Development Goals
SENS	Stock Exchange News Service
SGD	Singapore Dollar
SGM	Sturrock Grindrod Maritime
SHEQ	Safety, Health, Environment and Quality
SHERQ	Safety, Health, Environment, Risk and Quality
SMDP	Senior management development programme
SME	Small and medium-sized enterprise
SMME	Small, medium and micro enterprise
SOx	Sulphur oxide
SOE	State-owned enterprise
SQAS	Safety and Quality Assessment for Sustainability
TASK	Tuned Assessment of Skills and Knowledge
TCM	Terminal de Carvão da Matola Limitada
TCOE	Total cost of employment
TCFD	Task Force on Climate-related Financial Disclosures
TEU	Twenty-foot equivalent unit
TRACE	TRACE International, Inc.
TRP	Takeover Regulation Panel
UAE	United Arab Emirates
UIF	Unemployment Insurance Fund
UN	United Nations
US\$	United States Dollar
WESSA	Wildlife and Environment Society of South Africa

COMPANY INFORMATION

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Integrated annual report

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