

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	<b>Page 1 of 11</b>
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(Registration Number: 1966/009846/06)

## **BOARD CHARTER**

### **1. Definitions**

Unless the context indicates otherwise, the following words or terms of expressions shall have the meanings subscribed to them as set out hereunder;

- 1.1 “**AGM**” means the annual general meeting of shareholders of the Company in terms of Section 61(7) of the Companies Act.
- 1.2 “**Board**” means the board of directors of the Company as constituted from time to time in accordance with the Companies Act and the MOI;
- 1.3 “**Board Charter**” means the approved Grindrod Limited Board Charter as may be amended from time to time;
- 1.4 “**Capitals**” means the stocks of value on which the company depends for its success as inputs to its business model, and which are increased, decreased or transformed through the company’s business activities and outputs. The six capitals are financial; manufactured; intellectual; human; social and relationship as well as natural capital;
- 1.5 “**Chairman**” means the chairman of the Board from time to time;
- 1.6 “**CEO**” means the chief executive officer of the Company from time to time;
- 1.7 “**Companies Act**” means the Companies Act No 71 of 2008, as amended;

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page 2 of 11
--	----------------------------	--	---------------------------------------	--------------

- 1.8 “**Company**” means Grindrod Limited (Registration Number 1966/009846/06), including its subsidiaries;
- 1.9 “**Directors**” means directors of the Company from time to time;
- 1.10 “**Executive Committee**” means the Executive Committee of the Company;
- 1.11 “**Financial Director**” means the financial director of the Company from time to time;
- 1.12 “**Group**” means the Company and its subsidiaries;
- 1.13 “**King IV**” means the King IV Report on Governance for South Africa 2016;
- 1.14 “**Limits of Authority**” means the company’s internal framework regulating levels of authority for various transactions, as amended from time to time;
- 1.15 “**Listings Requirements**” means the listings requirements of the JSE Limited as amended or replaced from time to time;
- 1.16 “**Mol**” means Memorandum of Incorporation of the Company;
- 1.17 “**Secretary**” means the group company secretary in office from time to time or his/her nominee;
- 1.18 “**Stakeholders**” means any group affected by and affecting the Company’s operations.

## 2. Introduction

In furtherance of its commitment to achieving best practice standards of corporate governance based on locally and internationally acceptable standards, which

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page 3 of 11
--	----------------------------	--	---------------------------------------	--------------

includes commitment to compliance with King IV, the Companies Act and the Listings requirements, the Board of the Company has adopted this Board Charter.

### **3. Appointment and Composition**

- 3.1 The Board shall consist of not less than eight members, including as a minimum the CEO and the Financial Director. Subject to the Companies Act and the Listings Requirements, the shareholders of the Company may from time to time increase or decrease such minimum number of directors.
- 3.2 Additional appointments to the Board may be made by the Directors, provided such appointments are confirmed at the following AGM or other shareholders meeting.
- 3.3 At each AGM, not less than one-third of the Directors must retire, being those Directors longest in office since their appointment or last re-election and may, if available, be proposed for re-election.
- 3.4 The Directors shall elect a Chairman of the Board annually at the first Board meeting following the AGM of the Company, who shall be independent.
- 3.5 The roles of the Chairman and the CEO shall be separate and the Chairman shall be an independent non-executive Director.
- 3.6 The Board shall be unitary in nature, balanced between executive and non-executive directors, with a majority of non-executive directors, most of whom should be independent.
- 3.7 The Board shall have the authority to remove any Director from the Board.
- 3.8 The composition of the Board, (including its size, balance of knowledge, skills, experience, diversity, demographics and independence), its continuity, retirements and appointments of additional and replacement

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	<b>Page 4 of 11</b>
--	----------------------------	--	---------------------------------------	---------------------

Directors, including the appointment of the CEO, shall be considered by the Nomination Committee, which shall make appropriate recommendations and nominations to the Board.

- 3.9 Directors shall be appointed for their business acumen and skills pertinent to the business of the Company to ensure the Board is able to carry out its duties.
- 3.10 The Board should ensure that there is an appropriate balance of power and authority on the Board, such that no single individual or group of individuals can dominate the Board.
- 3.11 Executive Directors must retire in that capacity by no later than the age of 63 years or such later date as determined by the Board, but may be requested to remain on the Board in a non-executive capacity. Non-executive Directors must retire by no later than the age of 70 years or such later date as determined by the Board.

#### **4. Ineligibility and disqualification of members**

A person is ineligible or disqualified to become a board member if such a person is ineligible or disqualified in terms of Section 69 of the Companies Act.

#### **5. Secretary**

- 5.1 The Secretary or his/her nominee shall act as the secretary of the Board.
- 5.2 The Secretary, in consultation with the Chairman, the CEO and the Financial Director, as required, shall prepare an annual work plan for the Board to ensure that all matters to be considered by the Board are addressed at the Board meetings for the year.
- 5.3 The annual work plan shall include quarterly updates of relevant information relating to the company's operations, its external environment,

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page 5 of 11
--	----------------------------	--	---------------------------------------	--------------

applicable technology and innovation as well as legislative and regulatory updates, in order to ensure that the Directors are kept duly informed.

- 5.4 The Secretary, in consultation with the Chairman, the CEO and the Financial Director, as may be necessary, shall prepare a detailed agenda for each meeting in accordance with the annual work plan.
- 5.5 The agenda, together with sufficient and relevant supporting documents, shall be circulated to the Directors at least five (5) business days prior to each Board meeting to ensure proper preparation and to support quality decision making.
- 5.6 The Secretary or his/her nominee shall take written minutes of all meetings of the board; circulate them to the members as soon as reasonably possible for correctness and ensure that the Chairman signs the minutes as a correct reflection of the proceedings at the meetings.
- 5.7 The Secretary shall maintain a minute book and a register of all resolutions of the Board, whether taken at a meeting or by means of round robin resolutions.
- 5.8 The Secretary shall keep the Board informed of all share transactions and shareholdings of all Directors of the Company.
- 5.9 The Directors shall on a bi-annual basis provide their declarations of all financial, economic and other interests held to the Company and the Secretary shall maintain a register of conflicts of interest and declarations of Directors.
- 5.10 Dates of meetings shall be set in advance to aim for full attendance.

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page 6 of 11
--	----------------------------	--	---------------------------------------	--------------

## 6. Mandate, fiduciary duties and responsibilities

The Board has the following mandate and the Directors have the following fiduciary duties and responsibilities:

### Leadership

- 6.1 The Board should lead ethically and effectively, based on the values of integrity; respect; responsibility; accountability; fairness; transparency, professionalism and respect.
- 6.2 The Directors should always act in good faith, with the necessary due care, skill and diligence in the best interests of the Company.
- 6.3 Directors should ensure that they continuously have sufficient working knowledge of the organisation, its industry, the triple context in which the Company operates and the Capitals it uses and affects as well as the applicable laws, rules, regulations, codes and standards.
- 6.4 The Directors should accept collective responsibility for setting the direction of the Company, approving policy and planning, overseeing and monitoring implementation and execution by management and ensuring accountability for the Company's performance.
- 6.5 The Directors should guide the Company to ensure that the natural environment, society and future generations are not unduly adversely affected.

### Operational ethics

- 6.6 The Board should ensure the continued entrenchment of an ethical culture of the Company.

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page 7 of 11
--	----------------------------	--	---------------------------------------	--------------

*Responsible corporate citizenship*

- 6.7 The Board should ensure that the Company remains and is perceived to be a responsible corporate citizen as the ultimate custodian of the corporate governance of the Company.
- 6.8 The Board should ensure the continued legal and other compliance of the Company.
- 6.9 The Board should ensure that a stakeholder-inclusive approach is followed, which balances the needs, interests and reasonable expectations of material stakeholders in the best interest of the Company.

*Strategy and performance*

- 6.10 The Board should approve the strategy of the Company, which is influenced by the legitimate needs and expectations of material stakeholders; the risks and opportunities connected to the triple context in which the Company operates; the available resources and relationships with stakeholders; the impact of the Company on the Capitals and the interconnectivity and interdependence of all such factors.
- 6.11 The Board is responsible to oversee and monitor the implementation and execution of the strategy, which includes policies and operational plans, and the continual assessment and response to negative consequences of the Company's activities and outputs on the triple context in which it operates and the Capitals it affects.
- 6.12 The Board should govern risk, with the assistance of the Risk Committee, as well as technology and information, in the furtherance of setting and achieving the Company's strategic objectives.
- 6.13 The Board, with the assistance of the Remuneration Committee, should ensure that the Company remunerates fairly, responsibly and transparently.

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page 8 of 11
--	----------------------------	--	---------------------------------------	--------------

6.14 The Board, with the assistance of the Audit Committee, should ensure an effective control environment is maintained, which supports the integrity of information for internal decision-making as well as external reporting.

Reporting

6.15 The Board should ensure that the Company provides timeous, material, relevant, consistent, accurate and compliant information to its stakeholders, which includes the delivery of the integrated annual report, annual financial statements, interim reports and other relevant external reports. Such information should enable the stakeholders to make informed assessments of the Company's performance and its prospects.

**7. Role and responsibilities of the Chairman**

The role, functions and responsibilities of the Chairman are the following:

- 7.1 To set an ethical tone.
- 7.2 To provide overall ethical and effective leadership.
- 7.3 To ensure a robust selection and appointment process for Directors, and to oversee a formal succession plan for the Board.
- 7.4 To chair meetings inclusively and collaboratively, with the outcome of achieving the Company's strategic objectives in mind,
- 7.5 To manage conflicts of interest.
- 7.6 To act as the conduit between the Board and management.
- 7.7 To ensure that an inclusive stakeholder approach is followed.



<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page 9 of 11
--	----------------------------	--	---------------------------------------	--------------

## 8. Board Committees

The Board is authorised to delegate certain of its duties to sub committees to assist with the effective execution of its duties. Such delegation should ensure effective collaboration, complementary rather than competing approaches and a balance of power.

The following are the duly constituted committees of the Board, as per their respective Terms of Reference.

### 8.1 Audit Committee

8.1.1 The Audit Committee is a statutory committee, the members of which are appointed annually by the shareholders at the AGM

8.1.2 The Audit Committee is primarily responsible to provide independent oversight of the effectiveness of the Company's assurance functions and services, the combined assurance model, internal and external audit; the finance function; the integrity of the annual financial statements and the integrated report.

### 8.2 Nomination Committee

8.2.1 The Nomination Committee is primarily responsible for the processes of nominating, electing and appointing Board members; succession planning as well as board and committee performance evaluation.

### 8.3 Risk Committee

8.3.1 The Risk Committee is primarily responsible for the governance of risks and opportunities to support the Company in setting and achieving its strategic objectives.

### 8.4 Remuneration Committee

8.4.1 The Remuneration Committee is primarily responsible to ensure that the employees are remunerated fairly, responsibly and transparently to assist the Company in achieving its strategic objectives.

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page <b>10</b> of <b>11</b>
--	----------------------------	--	---------------------------------------	--------------------------------

8.5 *Social and Ethics Committee*

8.5.1 The Social and Ethics Committee is primarily responsible to ensure that the Company acts as and is seen as a law-abiding, responsible corporate citizen, acting ethically, and ensuring sustainable development and managing stakeholder relationships.

8.6 *Investment Committee*

8.6.1 The Investment Committee is primarily responsible to make recommendations to the Board on the strategic direction of the Company and reviews and advises on capital and other applications in terms of the Company's Limits of Authority.

**9. Meeting procedures**

9.1 *Frequency*

The Board shall meet at least four (4) times a year. Further meetings may be called by the Chairman of the Board, the CEO or other members of the Board, and shall be governed by the provisions of the Company's MOI relating to meeting procedures.

9.2 *Quorum and attendance*

9.2.1 A quorum for a meeting of the Board shall be eight members present personally and no business shall be transacted at a meeting of the Board unless the requisite quorum is present. Voting can take place in person, by teleconference, video conference or such other electronic means which may come into use in the future.

9.2.2 Provided that notice is given to all Board members, a decision that could be voted on at a meeting of the Board may instead be adopted by written consent of a majority of the Board given in person or by electronic communication on a round robin basis.

<b>Revision No:</b> 10 <b>Issue Date:</b> June 2005 <b>Last Review Date:</b> February 2017	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Executive Committee	<b>Approval:</b> Grindrod Board	Page <b>11</b> of <b>11</b>
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- 9.2.3 A decision made by the Board as set out in paragraph 9.2.2 above, will be of the same effect as if the decision had been approved by voting at the meeting of the Board.
- 9.2.4 Senior management, assurance providers and professional advisors may attend Board meetings on invitation, but will not form part of the quorum or be entitled to vote at meetings.
- 9.2.5 Members must attend all Board meetings, unless a prior apology with reasons has been submitted to the Secretary.
- 9.2.6 Meetings of the Board may be conducted by electronic communication, one or more Directors may participate in a meeting by electronic communication provided the electronic communication facility employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting.

## **10. General**

- 10.1 An induction programme will be followed to familiarise newly appointed Directors with the Company's operations, senior management, its business environment and the sustainability issues relevant to its business.
- 10.2 The following will be done on an annual basis:
- 10.2.1 Review the performance of the Board, its committees, its chairperson and its individual members;
- 10.2.2 Review its Board Charter to ensure optimal effectiveness; and
- 10.2.3 Review and approve its Annual Work Plan.