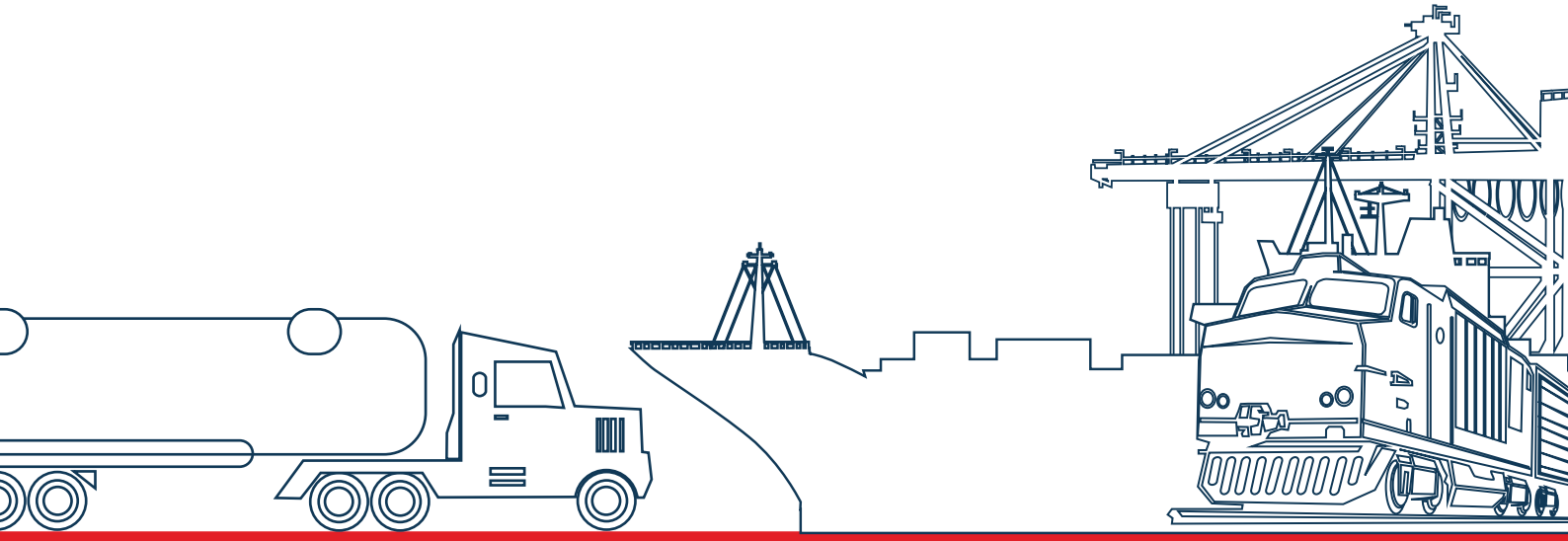
GRINDROD

Integrated Annual Report 2015

Sustainability Information Supplement



an integrated business

CONTENTS

SUSTAINABILITY REPORTING

Integrated reporting

The Grindrod Limited (Grindrod) integrated annual report is compiled in accordance with the concepts, guiding principles and content elements contained in the International <IR> Framework issued by the International Integrated Reporting Council (IIRC). This framework supports a focus on reporting on the ability to create value over the short, medium and long term and, inter alia, the connectivity and interdependencies of the six capitals, namely financial, manufactured, intellectual, human, social and relationship and natural capital.

In compiling the integrated annual report, Grindrod also applies the Johannesburg Stock Exchange Limited's (JSE) Listings Requirements and the principles contained in the 2009 King Report on Corporate Governance for South Africa (King III).

The Grindrod consolidated annual financial statements, which form the fundamental basis for disclosing financial information, are compiled in accordance with the requirements of the South African Companies Act, No. 71 of 2008, as amended, (the Companies Act) and International Financial Reporting Standards (IFRS) to present the consolidated financial performance of the group, inclusive, where appropriate, of subsidiaries, joint ventures (JVs) and associated companies.

Sustainability reporting

Sustainability reporting is structured according to four guidelines: the UN Global Compact's Principles, the international Greenhouse Gas (GHG) Protocol, the Global Reporting Initiative (GRI) and the FTSE/JSE ESG ratings methodology (replaced the JSE Socially Responsible Investment (SRI) index in 2015).

Reporting is also considered with reference to Grindrod's six ***core values*** (accountability, transparency, fairness, integrity, professionalism and respect) and the four Grindrod ***Sustainability Pillars***, which are health and safety, people, the environment and communities. These pillars embed the principles of sustainable management of manufactured capital, intellectual, human, social and relationship and natural capital in a systematic way and in line with the precautionary approach achieved through sound governance, risk management and continuous improvement initiatives.

The 2015 integrated annual report takes due consideration of the business activities, significant impacts and substantive expectations and interests of its stakeholders. Information disclosed in terms of the GRI framework is structured according to the identification, prioritisation and validation of material aspects. This promotes disclosure that appropriately reflects material and significant economic, environmental and social aspects as well as performance in the wider context of the reasonable expectations and interests of stakeholders. Sustainability information is, where appropriate, disclosed inclusive of subsidiaries, JVs and associated companies.

UN Global Compact Principles

The Grindrod approach to sustainability takes cognisance of the ten UN Global Compact Principles, which address the areas of human rights, labour standards, environment and anti-corruption.

These four areas are supported in Grindrod's pillars of sustainability, which embed the principles of the sustainable management of social and natural capital in a systematic way and in line with the precautionary approach through risk management and continuous improvement initiatives. The pillars acknowledge the importance of employee, contractor and visitor health and safety and respect for people based on the principles entrenched in the Universal Declaration of Human Rights, as well as minimising the adverse impact of Grindrod's activities on the environment. The fourth pillar acknowledges the need for respect for the human rights, culture and customary livelihoods in the relationships with the communities within which Grindrod operates.

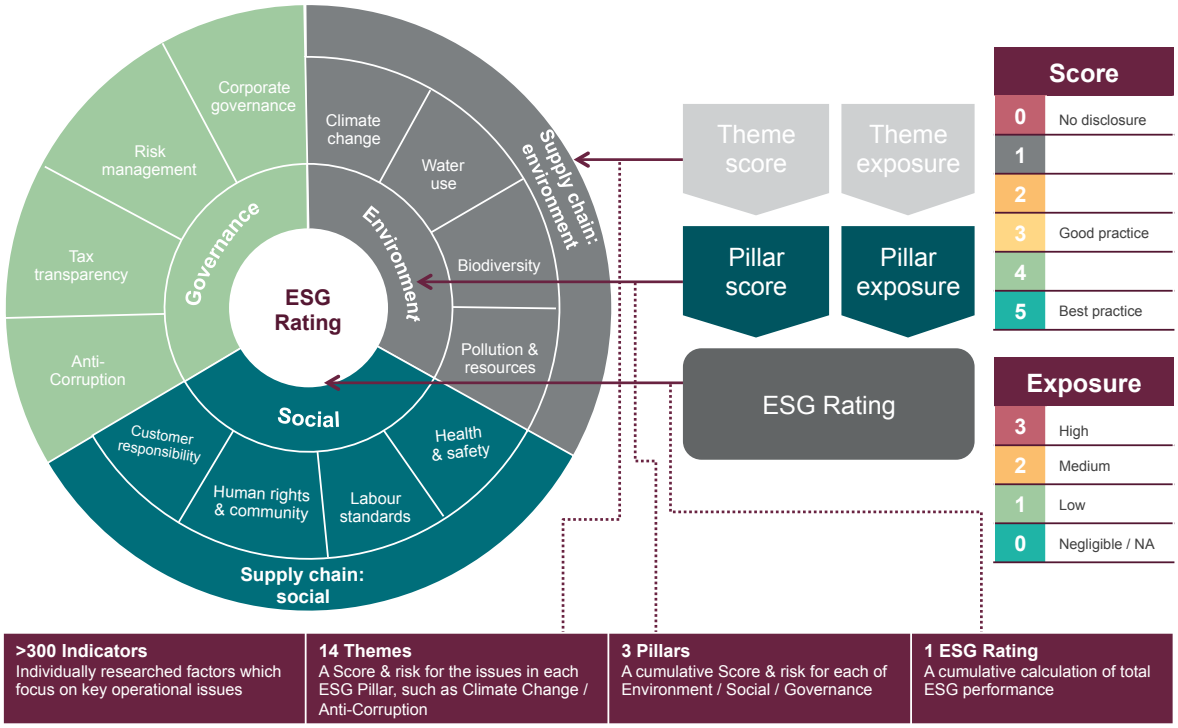
In compiling sustainability-related information, Grindrod considers the material aspects that may impact on its ability to create and sustain value for its stakeholders. The sustainability information is reported using the GRI-G4 reporting framework, which provides the basis for reporting in specific items on economic, environmental and social aspects. These aspects are associated with the Ten Principles of the UN Global Compact, and the GRI indicators incorporated in the integrated annual report and their association with the Principles is as follows:

Area	No	Principle	GRI Indicators
Human Rights	1	Businesses should support and respect the protection of internationally proclaimed human rights	G4-11, G4-15, G4-LA5, G4-LA6, G4-LA12, G4-HR3, G4-HR4, G4-HR5, G4-HR6, G4-HR8, G4-HR12, G4-PR1, G4-PR2, G4-PR8
	2	Businesses should make sure that they are not complicit in human rights abuses	G4-HR3, G4-HR4, G4-HR5, G4-HR6, G4-HR8, G4-HR12
Labour standards	3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	G4-11, G4-HR4
	4	Businesses should uphold the elimination of all forms of forced and compulsory labour	G4-HR6
	5	Businesses should uphold the effective abolition of child labour	G4-HR5
	6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	G4-LA1, G4-LA12, G4-HR3, G4-HR8
Environment	7	Businesses should support a precautionary approach to environmental challenges	G4-14, G4-EC2, G4-EN5, G4-EN10, G4-EN18, G4-EN19, G4-EN24
	8	Businesses should undertake initiatives to promote greater environmental responsibility	G4-15, G4-EN3 to EN7, G4-EN8, G4-EN10, G4-EN11 to EN13, G4-EN15 to EN21, G4-EN22 to EN25, G4-EN27, G4-PR4
	9	Businesses should encourage the development and diffusion of environmentally friendly technologies	G4-EN6, G4-EN7, G4-EN10, G4-EN19, G4-EN27
Anti-corruption	10	Businesses should work against all forms of corruption, including extortion and bribery	G4-41, G4-56, G4-57, G4-58, G4-SO4, G4-SO6

FTSE ESG RATINGS

In 2015, the JSE, which was the first emerging market and first stock exchange to form a Socially Responsible Investment Index in 2004, partnered with global index provider FTSE Russell to create the FTSE/JSE Responsible Investment Index and the FTSE/JSE Responsible Investment Top 30 Index. The FTSE/JSE ratings methodology includes in excess of 300 indicators in 14 themes.

Grindrod was, based on an evaluation of its publicly available information including the 2014 integrated annual report, against indicators within the nine themes applicable to Grindrod, included in both the FTSE/JSE Responsible Investment Index and the FTSE/JSE Responsible Investment Top 30 Index.



Source: FTSE; ESG FTSE publications; Integrating ESG into investments and stewardship

The ratings provide multi-dimensional measures of ESG exposures and practices. The ratings are utilised by the investment community as a tool for portfolio design and management, to investigate ESG criteria, or as a framework for corporate engagement and stewardship.

Following external assessment, Grindrod scored particularly well in the themes of climate change, health and safety, anti-corruption and corporate governance. Top level ESG and second-level pillar scores achieved are as follows:

Top level ESG rating – Grindrod

ESG Rating (5 – highest)	**ESG Rating – ICB Supersector Percentile** (100 – highest)
3.3	84

Second level (pillars)

	Score (5 – highest)	**ICB Supersector Decile** (10 – highest)
Environmental	3.4	9
Social	3.3	9
Governance	3.3	7

GHG PROTOCOL

The international GHG Protocol is used to define the group's approach to report GHG or carbon (C) emissions based on an operational control approach.

Grindrod chose the operational-control approach, because there are instances in which Grindrod has limited financial control or a minority equity shareholding, but sufficient operational control to influence emissions reduction strategies through management or contractual arrangements.

This approach has been followed since the Grindrod board approved the Group Environmental and Climate Change Policy, ***Vision 2020***, in 2010.

Vision 2020 includes clear objectives and targets for improvements in terms of climate change and other environmental key performance indicators (KPIs).

Consequentially, achieving the targets and objectives requires the full authority to introduce and implement changes to policies and management practices within companies or JVs in which Grindrod holds a financial interest.

In line with the protocol definition of operational control, Grindrod has disclosed 100 per cent of emissions from entities over which it has operational control, but none of entities in which the company does not have full authority to introduce and implement its operating policies.

Operational control is defined in the GHG protocol as "control over an operation if the company or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation".

Determining authority is based on the objective and auditable existence of at least one of the following:

- **Ownership**. As financial control (either through majority shareholding or through contractual arrangements) and operational control are closely aligned, this forms the starting point for determining operational control. A 51 per cent or higher stake in a joint venture or company would indicate a high probability of having a reasonable ability to exert authority.
- **Employee authority**. Regardless of ownership, where Grindrod employees have reasonable ability or authority to make changes to or influence how the business is being run, this would indicate an ability to control operations. This may include an ability to exert control via board representation or direct management control of operations.
- **ISO 14001 EMS.** Where Grindrod has the reasonable ability to directly implement (by implication with own employees) or to influence the development (by non-employees) of an ISO 14001 environmental management system (EMS) or equivalent, this would indicate an ability to control operations.
- **Contractual arrangements**. Where Grindrod has the reasonable ability to impose environmental management directives in contractual obligations, this would indicate an ability to control operations.

The inclusion of "reasonable ability" is an important consideration. Within Shipping, for example, it could be argued that Grindrod has the ability to influence how all of its assets (ships) that are chartered out are managed and run. In reality and in the context of how the global shipping community operates, however, this is not the case.

Given Grindrod's business model and complex ownership and operational structures, particularly within the Freight Services and Shipping divisions, these screening rules have been applied firstly at company ownership level as well as at the level of asset ownership and operations (i.e. specific ships and land-based facilities) within these companies.

Finally, Grindrod has adopted a conservative approach, including emissions from sources where interpretation of the screening rules are still not 100 per cent decisive.

GLOBAL REPORTING INITIATIVE (GRI)

Grindrod has, since 2005, qualified and quantified its sustainability measures according to the GRI content index. In the 2014 integrated annual report, GRI G4, which was released in 2013, was adopted and reported on as a core "in accordance" option. This framework is still incorporated in the content reference index in this document.

The GRI guidelines have been developed to help reporting organisations disclose their most critical impacts on the environment, society and the economy – generating reliable, relevant and standardised information on which to assess opportunities and risks and enable more informed decision-making. The globally relevant reporting guidelines also make it easier for investors and stakeholders to evaluate a company's sustainability performance.

The GRI G4 content index below has been compiled with a distinction between the general standard disclosures required in terms of the core and comprehensive "in accordance" options as follows:

Indicators marked with	●	Reporting required for core "in accordance" option
Indicators marked with	●	Reporting required for comprehensive "in accordance" option

The content index includes aspects that are considered material, with compliance with the disclosure requirements of the framework indicated in the "status" column of the content index as follows:

Status	Description
●	Compliant with disclosure requirements – detail included in the Integrated Report as per the page numbers indicated, or included in this Sustainability Information Supplement (SIS).
●	Partially compliant with disclosure requirements – detail included in the Integrated Report as per the page numbers indicated, or included in this SIS.
N/A	Not applicable to Grindrod

GLOBAL REPORTING INITIATIVE (GRI) continued

GRI G4 Content Index

Indicator	Description	Status	<IR> page reference	SIS page reference
General standard disclosures				
Strategy and analysis				
G4-1	Statement from the most senior decision-maker of the organisation		6	
G4-2	Description of key impacts, risks, and opportunities		20, 75	
Organisational profile				
G4-3	Name of the organisation		IBC	
G4-4	Primary brands, products, and/or services		12, 13	
G4-5	Location of organisation's headquarters		IBC	
G4-6	Number of countries where the organisation operates		16	
G4-7	Nature of ownership and legal form		IBC	
G4-8	Markets served		12,13	
G4-9	Scale of the reporting organisation		14 – 17	
G4-10	Employee profile		45	14
G4-11	Employees covered by collective bargaining schemes		49	
G4-12	Organisation's supply chain		14, 49	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain		1	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation		11	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses		1, 11, 71 – 73, 90	
G4-16	Memberships of associations		None material	
Identified material aspects and boundaries				
G4-17	Scope of report		80	
G4-18	Process for defining report content and aspect boundaries		1	
G4-19	Material aspects for defining report content		18	
G4-20	Aspect boundaries within the organisation		1	
G4-21	Aspect boundaries outside the organisation		1	
G4-22	Restatements		None material	
G4-23	Significant changes		1	
Stakeholder engagement				
G4-24	Stakeholder groups		49	
G4-25	Identification and selection of stakeholder groups		49	
G4-26	Approaches to stakeholder engagement		49	
G4-27	Stakeholder engagement		49, 72	
Report profile				
G4-28	Reporting period		1 (Jan – Dec)	
G4-29	Date of most recent previous report		1 (2014)	
G4-30	Reporting cycle		1 (Annual)	
G4-31	Contact point for questions		IBC	
G4-32	GRI content index		This table	
G4-33	External assurance		72	

IBC: Inside back cover

Indicator	Description	Status	<IR> page reference	SIS page reference
General standard disclosures				
Governance				
G4-34	Governance structure	●	69	
G4-35	Process for delegating authority to senior executives	●	72, 73	
G4-36	Executive-level appointment	●	47, 70, 79	
G4-37	Stakeholder consultation processes	●	49, 72	
G4-38	Composition of board and committees	●	62 – 65, 68, 79	
G4-39	Independence of the chair of the board	●	62, 70	
G4-40	Nomination and selection processes for board members	●	70, 79	
G4-41	Avoidance of conflicts of interest	●	72	
G4-42	Board's role in development, approval and updating	●	1, 18, 37, 51, 57, 70	
G4-43	Enhancing board members' knowledge levels	●	70	
G4-44	Governance bodies evaluation	●	70	
G4-45	Identification and management of risks and opportunities	●	57, 72, 74	
G4-46	Review of risk management processes	●	74	
G4-47	Frequency of review	●	76	
G4-48	Review and approval of integrated report	●	1	
G4-49	Process for communicating critical concerns	●	IBC, 72	
G4-50	Nature and number of critical concerns recorded	●	None	
G4-51	Remuneration policies	●	80	
G4-52	Process for determining remuneration	●	81	
G4-53	Stakeholder involvement in remuneration	●	81	
Ethics and integrity				
G4-56	Values, principles, standards and norms of behaviour	●	10, 11, 72, 73, 90	
G4-57	Mechanisms for seeking advice on ethical issues	●	IBC	
G4-58	Mechanisms for reporting concerns on ethical issues	●	IBC	
Specific standard disclosures				
Economic				
Economic performance				
G4-EC1	Direct economic value generated and distributed	●	21	
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	●	1	
G4-EC3	Coverage of the organisation's defined benefit plan obligations	●	Annual financial statements – on website	
G4-EC4	Financial assistance received from government	●	None	
Indirect economic impacts				
G4-EC7	Development and impact of infrastructure investments and services supported	●	29	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	●	29	

GLOBAL REPORTING INITIATIVE (GRI) continued

Indicator	Description	Status	<IR> page reference	SIS page reference
Environmental				
Materials				
G4-EN1	Materials used by weight or volume	N/A		
G4-EN2	% of materials used that are recycled input materials	N/A		
Energy				
G4-EN3	Energy consumption within the organisation	●	52	18
G4-EN4	Energy consumption outside of the organisation	●	52	18, 19
G4-EN5	Energy intensity	●	53	18
G4-EN6	Reduction of energy consumption	●	3, 51	
G4-EN7	Reduction in energy requirements of products/services	●	3, 51	18
Water				
G4-EN8	Total water withdrawal by source	●	52	18
G4-EN9	Water sources significantly affected by withdrawal of water	N/A		
G4-EN10	Percentage and total volume of water recycled and reused	●	None	18
Biodiversity				
G4-EN11	Operational sites owned in areas of high biodiversity	●	None	
G4-EN12	Significant impacts on biodiversity	●	None	
G4-EN13	Habitats protected or restored	●	None	
G4-EN14	Number of endangered species affected by operations	N/A		
Emissions				
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	●	52	18, 19
G4-EN16	Indirect GHG emissions (Scope 2)	●	52	18, 19
G4-EN17	Other indirect GHG emissions (Scope 3)	●	52	18, 19
G4-EN18	GHG emissions intensity	●	3	18, 19
G4-EN19	Increase of GHG emissions	●	3	
G4-EN20	Emissions of ozone-depleting substances (ODS)	●	3	18, 19
G4-EN21	NOx, SOx, and other significant air emissions	●	52	20, 21
Effluents and waste				
G4-EN22	Total water discharge by quality and destination	●	52, 53	18, 20, 21
G4-EN23	Total weight of waste by type and disposal method	●	52, 53	18 – 21
G4-EN24	Total number and volume of significant spills	●	26, 52	
G4-EN25	Transport of hazardous waste	●	None	18
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies significantly affected by the reporting organization's discharges of water and runoff	N/A		
Products and services				
G4-EN27	Impact mitigation of environmental impacts of products/services	●	50	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	N/A		
Compliance				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	None	
Transport				
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce *Omission: workforce transportation not included*	●	18	

Indicator	Description	Status	<IR> page reference	SIS page reference
Social				
Social: Labour practices and decent work				
Employment				
G4-LA1	Number of new employee hires and employee turnover by age group, gender and region	●	3, 45	15
Occupational health and safety				
G4-LA5	Percentage of workforce represented in formal joint management-worker health and safety committees	●	None	
G4-LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	●	46, 47	
Training and education				
G4-LA9	Average hours of training per year per employee *Omission: disclosed as average value spend per employee and not average hours by gender and employee category*	●	43	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	43	13
G4-LA11	Percentage of employees receiving regular performance and career development reviews *Omission: not disclosed by gender or employee category*	●	43	13
Diversity and equal opportunity				
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	45, 47	14
Social: Human rights				
Non-discrimination				
G4-HR3	Incidents of discrimination and actions taken	●	None	
Freedom of association and collective bargaining				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights *Omission: suppliers not assessed*	●	None	
Child labour				
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour *Omission: suppliers not assessed*	●	None	
Forced or compulsory labour				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour *Omission: suppliers not assessed*	●	None	
Indigenous rights				
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	●	None	
Human rights grievance mechanisms				
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	●	None	

GLOBAL REPORTING INITIATIVE (GRI) continued

Indicator	Description	Status	<IR> page reference	SIS page reference
Social: Society				
Anti-corruption				
G4-SO4	Communication and training on anti-corruption policies and procedures *Omission: business partners*	●	72	
Public policy				
G4-SO6	Total value of political contributions by country and recipient	●	None	
Anti-competitive behaviour				
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	●	None	
Compliance				
G4-SO8	Value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	71	
Social: Product responsibility				
Customer health and safety				
G4-PR1	% of significant product and service categories for which health & safety impacts are assessed for improvement	N/A		
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	N/A		
Product and service labelling				
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	●	None	
Marketing communications				
G4-PR6	Sale of banned or disputed products	N/A		
G4-PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	●	None	
Customer privacy				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	None	
Compliance				
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	None	

MANUFACTURED CAPITAL

(Grindrod 2015 <IR> pages 38 – 41)

A breakdown of the owned and chartered vessels under management of the Shipping division is as follows:

Entity/partnerships	Grindrod holding	Infrastructure/service
Dry-bulk shipping		**Total of 24.2 vessels**
Island View Shipping (IVS)	100%	24.2 Dry-bulk carriers • 16.2 × Handysize bulk carriers • 6 × Supramax bulk carriers • 2 × Capesize bulk carriers
Ship operating		
Parcel service	100%	Concentrates on routes from southern Africa to the North West Continent, Mediterranean, UK, USA and the Far East
Supramax operating	100%	Concentrates mainly on Pacific and Indian Ocean trade routes
Joint ventures*		
Mitsui, through Tri-View Shipping Pte Ltd	51%	1 × Handysize carrier To strengthen business ties with Mitsui and access Japanese finance
Mitsubishi, through IM Shipping Pte Ltd	51%	2 × Handysize bulk carriers To strengthen business ties with Mitsubishi and access Japanese finance
Island View Phoenix (included parcel service)	50%	To gain access to Far East trade experience and combine the Phoenix inbound cargo book with Grindrod's outbound trades
Rogers Shipping, through Island Bulk Carriers Pte Ltd (included in supramax operating)	65%	To gain access to cargo contracts into the Indian Ocean islands
Liquid-bulk shipping		**Total of 13 vessels**
Unicorn Shipping (Unicorn)	100%	13 Product tankers (including joint ventures / partnerships) • 9.5 × Medium-range product tankers • 3.5 × Small-product tankers
Ship operating		
Unicorn Tankers	100%	Liquid-bulk vessels on South African coast
Unicorn Bunker Services	100%	Bunker tankers in port
Joint ventures*		
Vitol (through Leopard Tankers)	50%	4 × 52 000 dwt product tankers
Petrochemical Shipping	50%	2 × Products tankers for Engen's coastal requirements • 1 × Medium-range product tanker • 1 × Small-products tanker
Pools and third-party management agreements		
Vitol		Commercial management of medium-range products tankers
Han Gang Pool		Small-product tankers

* *The Grindrod share of the vessels listed in these sections are included in the Dry-bulk shipping total of 24.2 vessels and the liquid-bulk shipping total of 13 vessels.*

INTELLECTUAL CAPITAL

(Grindrod 2015 <IR> pages 42 – 43)

People development centres around talent management, skills development and learnerships.

Talent management is aimed at developing adequate skills to ensure the sustainability and growth of the company into the future, both at operational and management levels. Leadership development and senior-management succession are two focus areas. Performance management and retention initiatives support the process, which is being standardised to further entrench a uniform and objective approach across group businesses. Performance discussions are held twice a year with employees to recognise the achievement of goals, address areas of development and define learning skills that may be required to improve productivity, career growth and development.

Skills development comprises formal training, professional development and on-the-job coaching internally and through external service providers. A total of 3 685 employees attended training interventions (2014: 3 456), of whom some 85 per cent (2014: 86 per cent) were designated employees.

Course programme	Total attendees	% designated	% Black*	% Female	Total cost (R)	% cost on Black*
Computer skills	348	86	73	53	376 114	65
Management and support	121	79	51	50	1 751 552	55
Continual professional development	453	83	66	52	1 671 723	68
Regulatory	1 151	86	81	20	1 028 795	76
Formal qualifications	46	93	76	78	475 587	72
Workplace effectiveness	630	78	68	35	1 319 179	83
Shipping and logistics	708	91	88	17	1 259 498	63
Learnership	228	86	82	49	4 984 368	92
Grand total	**3 685**	**85**	**76**	**32**	**12 866 816**	**76**

* *Includes Black, Coloured and Indian*

Learnerships were arranged by Grindrod for 228 learners (2014: 204):

	Black		White			
2015 scope and demographics	Male	Female	Male	Female	Total	% Black*
Business Administration NQF2	0	1	0	0	1	100
Business Administration NQF4	4	5	0	0	9	100
Credit and Risk Management NQF5	1	3	2	0	6	67
Domestic Services NQF1	5	12	0	0	17	100
Freight Handling Learnership NQF3	44	9	9	0	62	85
Generic Management NQF5	5	3	0	2	10	80
Hygiene Cleaning NQF1	8	13	0	0	21	100
Management Development Programme CORE NQF4	4	13	0	0	17	100
Management Development Programme NQF5 (Bank)	3	2	1	0	6	83
Management Development Programme NQF6 (GIM)	7	5	9	3	24	50
Mechanical Engineering NQF2	6	9	0	0	15	100
National Certificate Financial Markets and Instruments NQF6	2	3	0	4	9	56
National Certificate Generic Management NQF5	6	2	2	0	10	80
National Certificate in Banking Services and Advice	2	5	1	1	9	78
National Diploma in Maritime Engineering NQF6	1	0	2	0	3	33
National Diploma in Maritime Studies NQF6	2	0	2	0	4	50
Occupational Directed Education and Training Practitioner NQF5	0	1	0	0	1	100
Refrigeration – Apprenticeship	1	0	3	0	4	25
Grand total	**101**	**86**	**31**	**10**	**228**	**82**

* *Includes Black, Coloured and Indian*

HUMAN CAPITAL

(Grindrod 2015 <IR> pages 44 – 47)

The health and safety of employees, contractors and visitors are of paramount importance and cannot be compromised. Health and safety is managed through a safety, health, environment, risk and quality (SHERQ) management committee, chaired by the CEO. Management in divisions is involved in divisional SHERQ meetings and at businesses safety is guided by monthly meetings, from shopfloor to management level, and entrenched by the incorporation of safety as a KPI at management level. The requirements for the mandatory occupational health certificate of fitness form the basis for ensuring a healthy and fit workforce.

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

	Male			Female				**2015 Designated Total**	2014 Designated Total	White	Foreign nationals		
Occupational levels	African	Coloured	Indian	African	Coloured	Indian	White			Male	Male	Female	Total
2015													
Top management	–	–	–	1	–	–	–	**1**	1	4	–	–	5
Other top management	4	–	2	–	–	–	1	**7**	10	20	6	–	33
Senior management	9	1	13	2	3	4	16	**48**	44	88	5	–	141
Middle management	20	5	54	11	10	34	70	**204**	211	149	13	5	371
Skilled	538	79	252	111	56	170	235	**1 441**	1 643	329	109	8	1 887
Semi-skilled	678	68	87	122	30	41	46	**1 072**	1 221	81	103	3	1 259
Least skilled	236	10	12	97	6	2	0	**363**	421	10	78	1	452
Total permanent	1 485	163	420	344	105	251	368	**3 136**	3 551	681	314	167	4 148
Temporary/ contract	127	4	20	42	11	11	20	**235**	344	37	84	0	356
Grand total	**1 612**	**167**	**440**	**386**	**116**	**262**	**388**	**3 371**	**3 895**	**718**	**398**	**17**	**4 504***
Percentage (%)	35.8	3.7	9.8	8.6	2.6	5.8	8.6	**74.8**	77.6	15.9	8.8	0.4	100.0
2014 total	1 959	217	459	447	116	282	415	**3 371**	3 895	792	324	10	5 021
Percentage (%)	39.0	4.3	9.2	8.9	2.3	5.6	8.3	**74.8**	77.6	15.8	6.4	0.2	100.0

* *Note that 2 540 employees employed by South African-based companies work outside of South Africa and therefore are not reflected under South Africa on the geographic employee complement table above.*

At year-end, Grindrod employed 7 044 permanent and contracted employees across the world (2014: 7 506).

Country	**2015**	2014	% change
South Africa	**4 504**	4 960	(9.2)
Rest of Africa	**1 785**	1 889	(6.9)
Asia	**607**	524	15.8
Middle East	**55**	38	44.7
Europe	**46**	50	(8.0)
North America	**5**	7	(28.6)
South America	**13**	8	62.5
Australia	**29**	30	(3.3)
Total	**7 044**	**7 506**	**(6.2)**

HUMAN CAPITAL continued

Group relationship	Permanent staff (SA citizen)	Permanent staff (non-SA citizen)	Contract staff (SA citizen)	Contract staff (non-SA citizen)	Total
Total subsidiaries	2 868	1 090	351	599	4 908
Total joint ventures	895	534	117	10	1556
Total associated companies	4	571	0	5	580
Total Grindrod group	3 767	2 195	468	614	7 044

The distribution of new employees hired during 2015 by division, gender and age grouping is as follows:

	Division			Gender		Age		
	Freight Services	**Shipping**	**Financial Services**	**Male**	**Female**	**<30**	**30 – 50**	**>50**
New employees hired	382	15	35	339	93	200	185	47

Employee movement (expressed as a percentage of turnover) by division, gender and age grouping for 2015 is as follows:

	Division			Gender		Age		
	Freight Services	**Shipping**	**Financial Services**	**Male**	**Female**	**<30**	**30 – 50**	**>50**
Resignation	317	7	4	223	105	81	219	28
Death	27	0	0	23	4	0	13	14
Dismissal	158	6	0	147	17	27	109	28
End of contract	178	4	4	124	62	62	96	28
Retirement	42	0	3	33	12	0	0	45
Redundancy	327	0	3	288	42	47	195	88
Turnover of employees (%)	**18.3**	**1.5**	**7.6**	**15.1**	**16.4**	**15.5**	**14.6**	**17.5**

SOCIAL AND RELATIONSHIP CAPITAL

(Grindrod 2015 <IR> pages 48 – 49)

Environment

The Blue Fund, a partnership between Grindrod Bank and the Wildlands Conservation Trust, donated funds toward a programme which gave 16 marine and ecological science students from disadvantaged backgrounds the opportunity to experience catalytic marine science under the guidance of prominent marine scientists.

The Blue Fund was launched in 2014 with R1 million contributions from the bank and Wildlands, with pledges from each for a further R4 million donated over four years. Grindrod Limited also contributed to Wildlands, which focuses on the conservation of coastal and marine ecosystems and the sustainable development of coastal communities.

The 2015 Ocean Stewards programme is an initiative of the African Coelacanth Ecology Programme (ACEP), which is funded through the National Research Foundation and carries out vital marine research off the South African coastline.

ACEP's contribution towards the project funded the expedition on board the legendary *Angra Pequena* research vessel. ACEP funded three Masters students in 2015. Wildlands and Grindrod aims to expand their competitive bursary support through Grindrod Limited's skills development activities.

The contribution from the Blue Fund covered the cost of student engagement, support and mentorship. The mentorship team includes many of South Africa's pre-eminent marine scientists.

The programme aims to address the threat to marine habitat caused by ongoing development locally and globally. Overfishing is exacerbated by habitat degradation (linked to activities such as trawling) alternative energy requirements, pollution, aquaculture, invasive alien species, acidification and climate change.

The Angra Pequena is used by the team to carry out vital research along the South African coastline and will be the main platform on which the Ocean Stewards will develop themselves from students into experienced marine ecologists. The vessel is able to remain at sea for extended periods on data gathering missions and helps contribute to gathering information about our valuable marine ecosystems.

Education

Grindrod has traditionally focused the value it builds in communities on educational projects. These projects are funded mainly through its empowerment partner, Adopt-a-School, which is also a Grindrod shareholder. Adopt-a-School selects deserving schools to be adopted by businesses for a period of five years.

Grindrod has adopted four high schools: King Shaka, Hlahlindlela, Ndukwenhle and Inhlakanipho.

King Shaka High School was adopted in 2009, but the adoption period has been extended following a decision to continue supporting the mathematics and science department beyond 2013. Assistance agreed on include:

- an educator development and learner supplementary programme (physical science, life sciences and mathematics); and
- a personal empowerment programme (moral regeneration), which includes the services of a youth worker to assist learners with and in a wide range of school and social mentoring activities.

Ndukwenhle High School activities include a strategic planning, leadership and governance programme, leadership training for members of the learner representative council and teenage pregnancy and discipline awareness campaigns.

The strategic planning programme facilitated a process to identify the status of the school against its mandate and deliverables, to motivate and inspire staff to work diligently and create an environment that engenders effective teaching and learning and to develop a strategic plan for the school that will be used as a guideline towards the establishment of a functional school.

The learner leadership programme encouraged teamwork amongst learners and educators and built learners' leadership and problem-solving skills for learners.

Extra classes were arranged for grade 10s to 12s in mathematics, life sciences, physical science and accounting during winter holidays.

Assistance with mathematics, accounting and physical science education is targeted for the future.

Inhlakanipho High School was also assisted with a strategic planning, leadership and governance programme and leadership training for members of the learner representative council. The school faces several challenges as a result of the suspension of its principal, which seems to also have caused a drop in the performance of learners. The University of South Africa deployed three social-work students at the school for an internship, working three days a week. This partnership has yielded a positive influence on learners and some of the educators.

Further steps to address motivation will be implemented by the programme manager.

Pregnancy and discipline awareness campaigns were presented and the representative council organised a cleaning campaign to restore the school environment.

Hlahlindlela High School received furniture and equipment for the science laboratory and library following renovations to the two centres.

Infrastructure provided during 2015 include blinds, air conditioners, whiteboards, laptop computers, tables, chairs, library furniture and an interactive board.

Educators were given practical training for grade 10 to 12 and services supplier Maths Centre Incorporating Sciences was appointed to facilitate an educator and learner support programme to help educators with laboratory management and practical science work and give them knowledge and skills to engage learners in science teaching. RegExpress was appointed to conduct the library management training and to assist with the library layout.

NATURAL CAPITAL

(Grindrod 2015 <IR> pages 50 – 53)

Environmental key performance indicators

Key **environmental** and climate change indicators for Grindrod are monitored and managed in accordance with its Vision 2020. Shipping and Freight Services comprise 95+ per cent of the group's environmental footprint (99.5 per cent of total GHG emissions, 99 per cent of waste and 97 per cent of water consumption). Data for the other divisions is incorporated into group totals.

The following tables detail performance trends over four years.

Consolidated Grindrod group (global) footprint trends over four years

Key performance indicators	2015	2014	2013	2012
Water and wastewater (kilolitres)				
Total water usage (land-based and ships)	**277 523**	219 507	227 156	191 529
Harvested rainwater usage	**2 620**	4 858	15 296	11 942
(% of total)	**(1%)**	(2%)	(7%)	(6%)
Land-based water utilisation (kilolitres) (% contribution)				
Domestic office use discharged to municipal sewer	**84 041**	66 530	69 307	65 634
	(32%)	(33%)	(33%)	(34.9%)
Domestic/office use – not to municipal sewer (e.g. soak away)	**10 028**	7 612	7 794	6 861
	(4%)	(4%)	(4%)	(3.6%)
Washing vehicles and equipment discharged to municipal sewer	**75 208**	57 093	56 933	41 996
	(29%)	(28%)	(28%)	(22.3%)
Washing vehicles and equipment – discharged to ground/storm-water	**37 604**	28 546	29 904	24 439
	(14%)	(14%)	(14%)	(13%)
Dust suppression – to atmosphere or storm-water system	**52 645**	39 965	41 574	46 579
	(20%)	(20%)	(20%)	(24.7%)
Other	**2 507**	1 903	1 511	2 719
	(1%)	(1%)	(1%)	(1.4%)
Solid and liquid waste (tonnes)				
Total solid and liquid waste generated (tonnes)	**9 948**	10 889	14 328	10 562
Solid and liquid waste – to landfill (tonnes)	**1 088**	1 838	8 120	8 824
MARPOL category 1 – 6 waste – disposed of at sea or incinerated at sea in accordance with MARPOL (tonnes)	**1 900**	158	586	687
Total land-based non-hazardous solid waste recycled (tonnes)	**5 172 of 9 948**	5 594 of 10 889	4 177 of 7 792	1 026 of 2 833
	(52%)	(52%)	(54%)	(36.2%)
Energy, fuel and air emissions				
Total electricity usage (kWh)	**19 061 710**	22 085 003	21 416 815	22 560 736
Electricity efficiency (kWh per Full Time Equivalent)	**2 706**	2 942	2 791	3 093
Land-based diesel (kilolitres)	**24 315**	23 009	29 469	30 910
Land-based petrol (kilolitres)	**602**	278	413	531
LPG (tonnes)	**8**	15	19	3
Air pollution – SOx emitted (tonnes)	**4 922**	5 006	4 988	4 393
Air pollution – NOx emitted (tonnes)	**10 302**	10 138	10 324	7 449
Scope 1 and 2 GHG emissions (tonnes CO_2-e)*	**461 961**	431 665	501 275	407 211
Total GHG emissions including scope 3 (tonnes CO_2-e)	**479 847**	443 911	512 376	418 957
GHG emissions Intensity (gCO_2-e per Rand revenue)	**17.17**	13.57	15.60	14.94
Total energy usage scope 1 and 2 (GJ)	**6 512 775**	6 698 816	6 119 047	5 421 251
Energy intensity (MJ per rand revenue)	**0.23**	0.20	0.19	0.20

* *See breakdown on the following page.*

Grindrod group GHG emissions

Four-year trends by GHG Protocol Scope, by division (2015) and by South African emissions (2015):

		Group global totals				2015 divisional analysis			2015
		2015	2014	2013	2012	**Freight Services**	**Shipping**	**Financial Services and Head Office**	**South African scope 1&2 emissions**
Scope 1	Combustion of fuel in ships where company has operational control*	**354 398**	340 771	328 891	276 535	**–**	**354 398**	**–**	**23 439**
	Company owned and/or operated vehicles, mobile equipment, locomotives	**66 347**	61 593	92 603	97 349	**66 347**	**–**	**–**	**40 431**
	Combustion in stationary fuel-burning equipment (generators and boilers)	**7 866**	150	13 618	350	**7 866**	**–**	**–**	**4 717**
	HFC refrigerant gasses	**16 020**	10 560	44 104	9 777	**10 906**	**5 115**	**–**	**12 168**
Scope 1 subtotal		**444 631**	**413 074**	**479 216**	**384 011**	**85 118**	**359 512**	**–**	**80 755**
Scope 2 total	Purchased electricity	**17 331**	**18 592**	**22 059**	**23 199**	**16 115**	**–**	**2 150**	**10 167**
Scope 3 and other	Business air travel	**12 979**	6 191	1 944	1 851	**–**	**–**	**–**	
	Business travel – car rental	**3**	3	18	17	**–**	**–**	**–**	
	HCFCs and other non-Kyoto gases	**57**	157	424	357	**3**	**–**	**54**	
	Waste sent to landfill	**4 847**	5 948	8 715	9 521	**2 317**	**2 515**	**14**	
Scope 3 and other subtotal		**17 886**	**12 246**	**11 101**	**11 746**	**2 320**	**2 515**	**68**	
Totals	Metric tonnes of CO_2-e	**479 847**	**443 965**	**512 376**	**418 956**	**103 553**	**362 028**	**2 219**	**90 922**
Percentage contribution						**21.54%**	**75.30%**	**0.46%**	
GHG emissions intensity (gCO_2-e per rand revenue)		**17.17**	**13.57**	**15.60**	**14.94**				

Notes:
All figures in metric tonnes CO_2-e.

* *Grindrod's South African shipping emissions reported here are for operationally controlled ships' fuel purchased and combusted within South African EEZ waters.*

Detailed environmental footprint - Shipping

Key performance indicators	2015	2014	2013	2012
Water and wastewater (kilolitres)				
Water usage (kilolitres) not including water generated on board at sea	**20 391**	17 858	20 132	20 786
Untreated effluent (domestic) – disposed of at sea in accordance with MARPOL (kilolitres)	**16 100**	16 588	38 242	24 040
Treated effluent – disposed of at sea in accordance with MARPOL (kilolitres)	**24 150**	24 882	76 742	5 179
Land-based (office) water and wastewater	**Incl in group**	Incl in group	Incl in group	Incl in group
Solid waste (tonnes)				
Total Solid Waste (tonnes)	**4 547**	1 915	2 135	2 771
MARPOL category 1 – 6 waste – to licensed landfill sites (tonnes)	**2 233**	1 384	1 548	2 084
MARPOL category 1 – 6 waste – disposed of at sea or incinerated at sea in accordance with MARPOL (tonnes)	**1 900**	158	587	687
Energy, fuel and air emissions				
Total electricity usage (kWh)	**Incl in group**	Incl in group	Incl in group	Incl in group
Marine diesel oil (MDO) consumed (tonnes)	**11 628**	4 390	4 660	4 528
Heavy-sulphur fuel oil (HSFO) consumed (tonnes)	**92 700**	83 370	90 701	77 937
Low sulphur fuel oil (LSFO) consumed (tonnes)	**9 029**	21 275	15 709	10 950
Diesel usage in land-based vehicles (kilolitres)	**Incl in group**	Incl in group	Incl in group	Incl in group
Petrol usage in land-based vehicles (kilolitres)	**Incl in group**	Incl in group	Incl in group	Incl in group
Air pollution – SOx emitted (tonnes)	**4 901**	4 986	4 960	4 364
Air pollution – NOx emitted (tonnes)	**9 513**	9 354	9 261	6 331
SOx (tonnes) per 1 000 NM	**3.91**	3.47	3.74	4.31
NOx (tonnes) per 1 000 NM	**7.63**	6.55	6.96	6.19
Average per-ship CO_2 emissions efficiency (as per IMO guidelines) (gCO_2-e per tonne-NM)	**10.20**	7.22	9.78	11.99
Range per-ship CO_2 emissions efficiency (gCO_2 per tonne-NM)	**2.66 – 240**	1.053 – 684.193	3.60 – 254.14	2.93 – 673.71

Detailed environmental footprint – Freight Services

Key performance indicators	2015	2014	2013	2012
Water and wastewater (kilolitres)				
Total water usage	**250 692**	190 309	194 034	178 247
Harvested rainwater usage	**2 620**	4 858	15 296	11 942
(% of total)	**(1%)**	(3%)	(8%)	(7%)
Water utilisation and fate (figures in kilolitres)				
Domestic office use discharged to municipal sewer	**72 701**	55 190	56 317	55 653
	(29%)	(29%)	(29%)	(31%)
Domestic/office use – not to municipal sewer (e.g. soak away)	**10 028**	7 612	7 794	6 861
	(4%)	(4%)	(4%)	(4%)
Washing vehicles and equipment discharged to municipal sewer	**75 208**	57 093	56 933	41 996
	(30%)	(30%)	(29%)	(24%)
Washing vehicles and equipment – discharged to ground/storm-water	**37 304**	28 546	29 904	24 439
	(15%)	(15%)	(16%)	(14%)
Dust suppression – to atmosphere or storm-water system	**52 645**	39 965	41 574	46 579
	(21%)	(21%)	(21%)	(26%)
Other	**2 507**	1 903	1 515	2 719
	(1%)	(1%)	(1%)	(2%)
Solid and liquid waste (tonnes)				
Total solid waste (tonnes)	**1 218**	7 313	9 764	5 781
Total liquid waste (kilolitres)	**2 601**	2 062	1 437	1 960
Solid waste to landfill (tonnes)	**1 039**	1 719	4 152	4 749
Liquid waste to landfill (kilolitres)	**310**	1 671	1 437	1 949
Non-hazardous solid waste recycled (tonnes)	**926**	5 594	5 613	1 026
(% of total)	**of 1 218**	of 7 313	of 7 430	of 2 833
	(76.0%)	(76.5%)	(75.5%)	(36.2%)
Hazardous liquid waste recycled (tonnes)	**0 of 244**	0 of 2 062	43.7 of 1 481	10.5 of 1 960
(% of total)	**(0%)**	(0%)	(3%)	(0.5%)
Energy, fuel and air emissions				
Total electricity usage (kWh)	**16 533 640**	17 449 576	14 816 191	19 610 787
Total land-based diesel (kilolitres)	**24 314**	22 807	29 234	30 910
Total land-based petrol (kilolitres)	**602**	278	409	528
Paraffin (LF-10) (kilolitres)	**–**	–	33	100
Total LPG (tonnes)	**8**	15	4	3
Heavy vehicle diesel emissions efficiency (kg CO_2 per km)	**1.06**	1.11	1.38	1.41
Air pollution – Total SOx (tonnes)	**20.75**	19.25	27.98	29.42
Air pollution – Total NOx (tonnes)	**788.44**	731.5	1 063	1 119
Heavy vehicle SOx emissions (kg SOx per 1 000 km)	**0.37**	0.39	0.42	0.43
Heavy vehicle NOx emissions (kg NOx per 1 000 km)	**14.15**	14.82	15.87	16.16