



ENVIRONMENTAL AND CLIMATE CHANGE POLICY **VISION 2020**

Remaining competitive in a changing world

Grindrod acknowledges that its various operations impact or potentially impact on the environment, it is therefore the company's policy to conserve natural resources, maximise eco-efficiency, reduce waste and climate change impacts, and prevent pollution throughout Grindrod's operations.

Furthermore, Grindrod acknowledges that globally we are moving into a period of natural resource allocation and climate change uncertainty and that Grindrod's business will be affected by structural shifts in a global economy as it moves towards a reduced reliance on fossil fuels, increased emphasis on eco-efficiency and a greater expectation by society for corporate environmental responsibility.

These shifts present both challenges and opportunities for Grindrod. The directives contained in this policy are aimed at ensuring that Grindrod remains competitive in this changing global market space, that environmental and climate change related risks are reduced, that new business opportunities related to these shifts are seized, and that Grindrod builds on its more than 100-year-old track record as a good corporate citizen.

This revised group-level board-approved policy replaces all previous policies and applies to all group subsidiaries that Grindrod has operational control over. It is the requirement of individual divisions and/or companies to in turn develop specific environmental policies, management systems and implementation strategies appropriate to the scale and risk and opportunity profiles of their operations. These company-level management systems and initiatives are required to contribute to, and comply with, the broad objectives and targets set out below.

Exceeding legal compliance

Grindrod will at all times and in all jurisdictions identify, understand, meet and, where possible, exceed environmental regulatory requirements, as well as all other industry requirements to which Grindrod subscribes, including the corporate environmental reporting requirements of King III. Grindrod will meet this policy objective through the implementation of the measures and programmes outlined in this group policy and Grindrod will check its compliance by completing regular environmental legal compliance audits.

Organisation boundary, integrated reporting and assurance

Grindrod commits to reporting publically on its environmental and climate change performance. In setting its organisation boundary for reporting greenhouse gas (GHG) or C emissions, and by implication all other environmental key performance indicators (KPI), Grindrod has adopted the operational control approach, as defined by the international GHG Protocol, including referenced

and appendix documents. A full outline of Grindrod's reporting approach can be found on the company website. Grindrod will strive for accurate, transparent and complete coverage of KPI that fall within the defined organisational boundary. Grindrod's reporting will also be guided by the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and the South African King III reporting requirements.

In line with King III, Grindrod will work towards integrating environmental sustainability reporting with financial reporting, and environmental performance disclosure will increasingly fall within the scope of its annual internal and external assurance process.

A Systematic Approach

Environmental management will be conducted following a systematic approach, based on, or where appropriate compliant with, ISO 14001. Environmental management systems will be individually developed by divisions/business units, and monitored at divisional and group levels for compliance to this group policy. These systems will be documented, and based on the principle of continual improvement of Grindrod's environmental performance - achieved through setting and achieving measurable objectives and targets that address the significant environmental aspects and impacts of Grindrod's operations. Where feasible, companies and vessels will develop integrated safety, health, environmental and quality management systems, that include regular internal and external audits.

Climate Change – Reducing Risks and Seizing Opportunities

Through its shipping and freight divisions, Grindrod is a significant user of non-renewable fossil fuels, the combustion of which produces greenhouse gases (GHG) that contribute to global warming. Fuel consumption comprises around 90% of Grindrod's Carbon footprint. The company's maritime and port businesses are also directly exposed to the predicted increase in climate change impacts (e.g. increasing frequency of freak storm events, rising sea levels) and these risks are increasingly being assessed as part of the group's business risk assessment process.

Using 2010 as a base year (unless stated otherwise), Grindrod will strive to achieve the following objectives and targets by 2020:

- To reduce normalised overall group emissions CO₂-e per Rand revenue by 10%;
- To reduce ship-based GHG emissions (CO₂-e) per tonne/NM by an average (across the fleet) of 10% and to comply with International Maritime Organisation (IMO) regulations regarding ships' emissions;
- To reduce land-based vehicle GHG emissions per km by an average (across the transport fleet) by 10% (using 2011 as the base year);
- To reduce normalised land-based Scope 2 electricity (i.e. electricity consumption in machinery and buildings on property owned and operated by Grindrod) usage by 20%.
- To increase the proportion of renewable energy consumption (wind- and solar-produced electricity, use of biofuels etc.) to 5% of total energy usage;
- To begin to seize market opportunities related to global climate change responses (e.g. developing products and services with environmentally differentiated attributes).

These objectives and targets will be met through implementing division-specific measures collectively aimed at more efficient electricity usage, optimising engine and transport efficiencies, and investigating alternative renewable and cleaner (with lower GHG emission factors) fuel and energy options. Grindrod will also include fuel-use efficiency, emissions abatement capabilities and renewable energy-use capability as key determinants when purchasing all new vessels and vehicles.

Reducing Air Pollution

Besides GHG emissions, the combustion of fossil fuels by Grindrod's shipping and land-based transport activities also produces Sulphur Oxides (SO_x), Nitrous Oxides (NO_x) and particulates. Grindrod's port activities and terminal operations also generate dust.

Grindrod is committed to managing these impacts responsibly, within legal parameters and where possible to reducing levels of air pollution. Using 2010 as the base year, specific objectives and targets to be achieved by 2020 include:

- reducing ship-based SO_x and NO_x emissions per NM (nautical miles) travelled by 10%;
- reducing SO_x and NO_x emissions per km travelled by Grindrod's vehicles by 10%.

These objectives and targets will be met through division-specific improvement programmes that include the greater use of cleaner fuels, greater use of renewable energy and improved emissions abatement technologies.

Improving Eco-efficiency

Grindrod will at all times strive to use natural resources, particularly water and energy as efficiently as possible and to reduce the unnecessary generation of waste and wastewater.

Using 2010 as the base year, group-level eco-efficiency objectives and targets to be achieved by 2020 are as follows:

- Water and Wastewater Reduction – to reduce normalised water consumption, and the resulting wastewater effluent, within the group by 20%;
- Solid Waste Reduction – to improve material recycling to 20% of total solid waste generated;
- Liquid Waste Reduction – to improve liquid waste recycling by 10% of total liquid waste generated;
- Energy reduction objectives and targets are covered under Climate Change (above);
- End-of-life vehicles and ships will be recycled as completely as possible.

These will be achieved through the implementation of resource and operational efficiency programmes that form part of divisional environmental management systems and ongoing cost cutting initiatives throughout the group.

Reducing Marine Biodiversity Impacts

The objective and target is zero material pollution of the marine ecosystems that Grindrod's ships come into contact with. Grindrod will specifically strive to maintain its objective and target of zero significant oil spills (more than one barrel of oil) for all ships under Grindrod's control.

This will be achieved through maintaining rigorous onboard management systems that include ongoing training and awareness, and audits against international marine pollution prevention standards. To minimise potential impacts to marine ecosystems as a result of collisions and groundings, 100% of oil and chemical tankers owned by Grindrod will have double hull constructions, and/or to be constructed with materials designed to minimise corrosion and to promote robustness and longevity, and to have onboard navigation and safety equipment that is the best available.

All Grindrod's ships will be flagged under countries that are signatories to MARPOL (the international convention for the prevention of pollution from ships) and all of these ships will be required to maintain 100% compliance with all relevant provisions and annexes of this convention.

Ships bilge, ballast and wastewater discharge, and solid waste disposal, whilst at sea will be in strict compliance with MARPOL at all times.

Reducing Land-based Environmental Impacts

The objective and target is zero material pollution of terrestrial ecosystems that Grindrod's land-based operations are part of.

These will be achieved through implementing rigorous management systems that ensure a prioritised approach to environmental risk management, ongoing training and awareness, and completing environmental audits of land-based operations. All new land-based developments will comply in full with country-specific environmental impact assessment (EIA) regulations and approval conditions. The company will apply a precautionary approach to materials handling, and hazardous materials and wastes will be stored, used, managed and transported according to procedure and under controlled conditions, with consideration given to containment of potential spills and contaminated run-off.

Engaging Stakeholders

Grindrod is committed to increasing stakeholder involvement in Grindrod's journey towards improved environmental sustainability. Key stakeholders in this regard include Grindrod employees, shareholders, clients, environmental NGOs and the communities in which it operates. Grindrod knows that this engagement will allow us to listen and respond better to stakeholder expectations, increasing Grindrod's accountability, improving trust and credibility, and reducing company risk. Grindrod will achieve this by inviting stakeholder feedback on its public reporting, putting environmental issues and climate change on the agendas of company meetings where appropriate, and by streamlining communication systems (as part of EMS development) to ensure that local stakeholder concerns (e.g. communities in which Grindrod operate) are considered at group level.

Maintaining a Culture of Responsibility

As a result of the board approval of this policy, the Grindrod Executive, under the leadership of the CEO, takes responsibility for its implementation. A group-level Manager will coordinate high level environmental sustainability policy implementation across the divisions and a group-level committee, known as the *Grindrod Group Environmental and Climate Change Committee*, with senior-level representation from all divisions, will be maintained and will report divisional progress with the implementation of the policy directives to the Board on an ongoing basis. In addition, a Board-level *Social and Ethics Committee* has been established which includes a strategic leadership and oversight function for environmental and climate change management at group level.

In recognition that Grindrod's environmental efforts are only as good as the commitment of its people, Grindrod will promote environmental awareness and responsibility and develop a culture of eco-efficiency and ecological responsibility throughout the group's companies. The company will continue to support the senior-level environmental appointments that have been made at divisional level. Ongoing environmental training and awareness programmes at all levels of the organisation will be maintained, and environmental management performance indicators as part of personnel performance assessments of senior personnel, including all Directors will be maintained.

Approved by the Grindrod Board – November 2012