

GRINDROD 2025 CLIMATE CHANGE AND ENVIRONMENTAL POLICY

	NAME	DESIGNATION	DATE
Compiled	Cathie Lewis	Group Company Secretary	March 2020
Approved		Social and Ethics Committee	March 2020
Reviewed	Cathie Lewis	Sustainability	Nov 2020
Approved		Executive committee and Social and Ethics Committee	Nov 2020

1. POLICY STATEMENT

Grindrod understands its role as a responsible corporate citizen in managing its business growth, appreciative of the environmental and social context in which it operates. In this regard, Grindrod acknowledges that its long-term positioning will be dependent on the ability of the company to balance short-term business imperatives with long-term sustainability. This policy supports Grindrod's business objectives within a changing global risk context.

2. INTRODUCTION

This policy aims to ensure that Grindrod remains a competitive business over the long term while operating in a rapidly changing world. With increasing global awareness of the environmental impacts of business, the direct link between setting environmental targets and financial profitability is growing. Shareholders are also aware of the environmental and sustainability risks faced by companies. This policy sets Grindrod's environmental targets and supports our business objectives within the context of a changing global risk environment.

3. POLICY CONTEXT

Grindrod's business is about moving cargo by road, rail, sea and air, providing integrated service offerings and investments in key trade corridors in Sub-Saharan Africa, creating sustainable returns and long-term value. It is a global business represented in more than 30 countries and is uniquely positioned to service Africa trade flows.

Grindrod understands that we operate in a global economic context which is influenced by several environmental and social sustainability issues. Both the short-term profitability and long-term sustainability of our business are highly dependent on our ability to adapt to our operating environment on an ongoing basis and to minimise any negative impacts our operations may have on this environment. Our challenge is to successfully balance the trade-offs between economic, social and environmental drivers.

This policy establishes a pathway for the management of the environmental impacts of our business up to 2025. It is presented in the context of international best practice, as it builds on the recommendation of the Task Force for Climate-related Financial Disclosure (TCFD) while focusing on our strategic objectives, and the operating realities of the markets within which we operate.

4. GOVERNANCE

This policy reconfirms the importance of governance in Grindrod's environmental and sustainability management framework.

With respect to governance at an operational level, this policy requires that all business units will:

- Create the capacity to manage the metrics and targets articulated in this policy at operational level
- Implement structures needed for measurement and tracking the metrics
- Pro-actively plan and budget for the implementation of actions required to achieve the targets
- Consider environmental issues related to the business in ongoing operational planning and implementation
- Consider environmental metrics in the existing risk management procedures
- Include the progress made towards the targets in operational reports; and
- Integrate environmental metrics and targets in the performance metrics for individual managers

With respect to governance at a corporate level, Grindrod will:

- Consolidate information on environmental metrics and targets at Group level
- Pro-actively manage the progress made towards the implementation of measurement and reporting systems
- Actively manage the progress made towards environmental targets
- Integrate environmental metrics and targets in the performance metrics for individual managers
- Consider environmental metrics in the existing risk management procedures; and
- Transparently report on environmental metrics and targets in Grindrod's internal as well as external reports to society

5. STRATEGY

Grindrod recognises that business strategy must dynamically adjust to changing internal and external conditions. In this regard, Grindrod will consider the following aspects as part of developing, reviewing and implementing its business strategy:

- Integrate metrics and targets into the business strategy and identify key focus areas of the various targets as they relate to the strategic objectives
- Each operational unit must determine which metrics and targets are relevant to their core business and devise specific environmental targets in relation thereto
- Each operational unit will keep a watch list of environmental risk variables
- Grindrod will review and update group-wide environmental metrics and targets regularly
- The environmental targets, and progress made, will be communicated to stakeholders, including investors, shareholders and financiers
- Grindrod will make sufficient budgetary provisions for the achievement of targets; and
- Disclose the resilience of Grindrod's business strategy, taking into consideration global change and related impacts

6. RISK MANAGEMENT

Investors and other stakeholders need to understand how an organisation's risks resulting from global and local change are identified, assessed, and managed and whether those processes are integrated into existing risk management processes.

Grindrod's climate change and environmental risk is integrated in the existing risk management systems at the operational level by the following:

- Identify and define physical (acute and chronic) and transitional risks related to environmental and climate change related issues which could impact Grindrod's business
- Integrate these risks into existing enterprise risk management
- Adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimise, risks and impacts to the environment
- Identify adaptation interventions to increase Grindrod's resilience and reduce its vulnerability towards climate change-related impacts; and
- Disclose environmental and climate change related risks and opportunities identified over the short, medium and long term

7. METRICS AND TARGETS

In addition to the qualitative nature of governance, strategy and risk management, Grindrod needs to consider quantifiable metrics and targets as part of our Climate Change and Environmental Policy. Such targets will support Grindrod in measuring the effectiveness of its governance, strategy and risk management processes in terms of integrating and managing material climate change and environmental issues.

Grindrod has identified five key areas of focus. These are summarised below:

- **Water** is a critical resource, specifically in water-scarce countries such as South Africa. In this regard, Grindrod must acknowledge their impact in terms of how water is used and conserved where possible
- **Greenhouse gas emissions:** Grindrod monitors its Scope 1 and Scope 2 emissions in an effort to minimise the company's greenhouse gas emissions. As such, Grindrod has 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
- **Energy and Fuel:** Grindrod recognises the role that fossil fuels and the combustion of these fuels in transport and electricity generation play in terms of climate change. As such, Grindrod has set specific targets to move towards carbon neutrality in the long term, which includes the generation and use of renewable energy
- **Renewable Energy:** Grindrod recognises the opportunities for business efficiency in renewable energy. In this regard, Grindrod will investigate the feasibility of appropriate renewable energy options for its business and develop a timeframe for renewable energy roll-out within the company

Cognisant of the diverse nature of the various divisions' operations, each division shall develop, implement and report on its own set of metrics and targets in accordance with the five key areas of focus set out above.