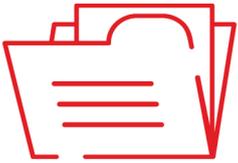




GRINDROD//Policy Anti-corruption





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DOCUMENT APPROVAL

	Name	Designation	Date
Compiled	Steven Ndlovu	Legal Compliance - Group Secretarial	2016
Reviewed	Executive Committee	Executive Committee	2018
Approved	Social and Ethics Committee		2018

DISTRIBUTION

Designation	Controlled copy number
All Employees	01

REVISED RECORD

Revised number	Date of change	Page number	Description of change
04	2018	All	Reviewed





1 Introduction

Integrity, Respect, Fairness, Transparency, Accountability and Professionalism are core values based on which Grindrod conducts its businesses and engages with its stakeholders. These values, which embrace the provisions of Anti-Corruption legislation, such as the Prevention and Combatting of Corrupt Practices Act 12 of 2004 as well as the relevant provisions of the Companies Act 71 of 2008, are enshrined in the Grindrod Code of Ethics. It is these core values that underlie Grindrod's zero tolerance for bribery, fraud, extortion and all other forms of corruption.

2 Purpose and scope

The purpose of this Anti-Corruption Policy (hereinafter referred to as "this Policy") is to document the minimum behavioural standards required to comply with Anti-Corruption laws and to combat corruption at every level within the business. This Policy draws together various other Policies that promote the Group's core values such as the Conflict of Interest Policy, Gifts Policy and Whistle Blowing Policy, all of which are available on the company's intranet and replaces Grindrod's Fraud Policy.

This policy applies to all directors, employees and any natural or juristic person associated with Grindrod Limited, its subsidiaries and any joint ventures in which Grindrod has an interest (referred to collectively as "Grindrod" or "Group"). The wide scope of application is necessary not only to ensure compliance with local legislation but also to strengthen Grindrod's efforts to comply with international best practises in combatting corruption.

3 Useful definitions and key concepts

For the purposes of this Policy, the following definitions have been used:

3.1

Corruption is the misuse of a position of power or office for personal or corporate gain.

3.2

Bribery is the promising or giving, either directly or via a third party, of an undue advantage in order to affect a person's actions or decisions. Bribery is a form of corruption.

3.3

Facilitation Payments are the payments or fees requested by government officials to expedite or facilitate the performance of routine government action. Facilitation payments are a form of bribery.

3.4

Extortion (also known as blackmail) is the use of a threat (which may be expressed or implied) or other form of pressure to induce a person to act in a desired manner.

3.5

Fraud refers to any activity involving deception and dishonesty which causes or has the potential to cause prejudice to Grindrod and/or its stakeholders.

4 Policy statement on specific issues

Grindrod applies zero tolerance for corruption across every aspect of its business. However, and purely for the sake of clarity, Grindrod's position on specific issues are highlighted below.

4.1 Bribery

The giving and receiving of bribes is illegal and shall not be tolerated within Grindrod. Anyone found guilty of bribery shall be subject to criminal prosecution and severe disciplinary action.

4.2 Facilitation payments

Facilitation payments are nothing more than a bribe. Even though facilitation payments may be considered a normal, albeit illegal, practise in certain jurisdictions, it is strictly prohibited by Grindrod. Grindrod recognises that under exceptional circumstances, facilitation payments may be demanded under duress (for example under threat to an employee's safety or well-being). In such instances, where the payment is unavoidable, the employee must report the matter to his/her line manager as soon as reasonably possible so that the issue may be addressed further.





4.3 Gifts, hospitality and entertainment

Only gifts, entertainment and hospitality that are reasonable, proportionate and made or received in accordance with the Gifts Policy, Conflict of Interest Policy and Code of Ethics, shall be acceptable. If there is any doubt as to the appropriateness of giving or receiving gifts, entertainment or hospitality, guidance must be sought from a line manager, a Grindrod Senior Manager or Executive or the Ethics Officer.

4.4 Fraud

Grindrod adopts a very wide interpretation of what constitutes "Fraud". Any conduct, statement or activity involving any form of dishonesty or deception and which has the potential to cause harm in any way to Grindrod or its stakeholders, shall be treated as Fraud and must be reported to the Ethics Officer or to the Tip Offs Line. Anyone found guilty of any form of fraudulent conduct shall face internal disciplinary action and external criminal prosecution, in accordance with Grindrod's fraud response strategy.

4.5 Extortion or blackmail

Extortion is a crime and shall not be tolerated within Grindrod. If someone is forced to make a decision or behave a certain way under a threat of harm to his or her person, family or belongings, the matter must immediately be escalated to a line manager, a Grindrod Senior Manager or Executive or the Ethics Officer.

4.6 Political, community and charitable contributions

Grindrod prohibits the making of contributions to any political party or politician for political purposes either directly or through third parties. Grindrod has in the past and shall continue to make contributions to community and social upliftment projects, charities and enterprise development activities. Such donations are permissible provided they are made in good faith, all relevant internal approvals have been obtained and the donation is in compliance with Grindrod's corporate social investment strategy.

4.7 Procurement

The selection of a supplier on the basis of gifts, hospitality or payments received, is expressly prohibited. Contracts improperly awarded shall be set aside. Stakeholders are obliged to follow Grindrod's internal procurement processes and policies as communicated from time to time.

4.8 Third parties

Wrongful actions of third parties such as agents, representatives and intermediaries who are engaged to represent Grindrod's interests, could incur criminal liability and reputational damage to Grindrod. As such, all such third parties are obliged to comply with this Policy. Stakeholders are expected to ensure that all relevant third parties understand and comply with this Policy. Appropriate safeguards, such as due diligence enquiries and contractual protection, are required to ensure compliance and a strict adherence to Grindrod's Anti-Corruption Policy and Code of Ethics.

5 Compliance and responsibility

Every individual employee is responsible for complying with this Policy. Business unit heads are responsible for ensuring an effective system of internal controls, accurate and detailed record keeping, financial reporting and monitoring of transactions to minimise the risk of undetected instances of bribery or corruption. Given Grindrod's zero tolerance for corruption, the company shall not pay fines imposed on employees or third parties representing Grindrod, who are charged with or found guilty of bribery or any other corrupt practise.

For Grindrod to effectively combat corruption within the organisation, all stakeholders are required to report suspicions of bribery and corruption in one of the following ways:

- to a line manager, other Grindrod Senior Manager or Executive; or
- to the Ethics Officer by contacting Cathie Lewis on (031) 365 91 16 or via e-mail cathie.lewis@grindrod.com; or via the independently operated and anonymous Tip Offs helpline (0800 213 118 or grindrodethics@tip-offs.com or via the website www.tip-offs.com).

Grindrod shall protect the identity of all complainants. No employee shall be prejudiced should Grindrod lose business as a result of a failure to pay a bribe or engage in conduct contrary to this Policy.

The Ethics Officer is responsible for oversight of this Policy. Reported incidents may be investigated internally by the Risk and Internal Audit Services Department or externally by the national police services. To this end, the investigators shall have unlimited and unrestricted access to management, employees, activities, physical locations and to all information necessary to fully discharge his/her obligations. All stakeholders are obliged to co-operate fully in any investigation into allegations of bribery and/or other forms of corruption.

This policy shall be reviewed annually by the Social and Ethics committee to ensure its continued application and relevance.





6 International best practice guidelines

Grindrod Group Secretarial have adapted this Policy to include international best practice standards on conducting risk assessments in order to assist business units with identifying and agreeing on the key risk areas, agree on which risks are to be prioritized, develop risk mitigation plans and implement risk mitigation plans. Please refer to Annexure "A" for international best practice standards on conducting risk assessments.

Annexure A - The Grindrod Group fraud and corruption policy

Grindrod is required to comply with the UN Global Compact. Principle 10 of the UN Global Compact pertains to anti-corruption and suggests three elements to be adhered to by organisations when fighting corruption, in fulfilment of the 10th principle. The three suggested elements are as follows:

1. **Internal:** organisations are required to introduce and implement anti-corruption policies and programmes within their organizations and their business operations;
2. **External:** organisations are required to communicate their experiences and best practices with their peers and stakeholders;
3. **Collective Action:** organisations are required to collaborate with peers and stakeholders in general in order to strengthen anti-corruption efforts.

The three elements referred to above are to be read with the section below dealing with an Organization wide risk assessment that must be conducted by each business unit.

Organisation wide risk assessment

Each business unit is required to conduct its own risk assessments so that it can identify and agree on the key risk areas, agree on which risks are to be prioritised, develop risk mitigation plans and implement risk mitigation plans.

How do business units conduct risk assessments in relation to anti-corruption?

Risk assessments are conducted in respect of individual business units, in order to understand the extent of risks related to corruption. A risk assessment is particular to each company based on trade and risks associated with that trade.

Suggested steps for each risk assessment

Step 1 Establish the process

To establish an effective risk assessment there needs to be a clear understanding of the legal consequences related to corrupt activities and schemes, by all employees. A practical way to understanding, is to convene an awareness workshop. Business units should prepare awareness workshops with as many employees as possible, specifically those employed in areas of the businesses that have been given a high risk rating. The workshops should at least address the issues of the dangers of participating in corruption, fraud, theft and maladministration.

Step 2 Identify the risks

This step involves asking how and why corruption would occur in the business unit. Business units must assess where, in the structure of each business, the business units are vulnerable to corruption risks, what type of agreements made with government officials or third parties could give rise to corruption risks, and further identify what locations, where the business unit does business, present a greater corruption risk than others.

The following methodology is suggested to assist in collecting information on why and how corruption risks may occur:

- Desktop research, reports from the internal audit function, past incidents of non-compliance, and common corruption risks;
- External sources, allegations in the industry or country profiles;
- Interviews with individuals from functions such as legal compliance, risk management, internal audit and procurement, as well as the senior management of business units at the country, regional, or local level;
- self-assessments of employees and external parties;
- Workshops

Step 3 Rate the inherent risk

Business units need to establish the likelihood that the identified corruption risks will occur and investigate the related consequences of that occurrence. Resources need to be effectively and efficiently allocated in order to logically address corruption risks, should they occur. A qualitative scale could be used to identify each scheme's potential impact as either (i) high, medium, or low or (ii) very high, high, medium, low, very low.





Step 4 **Identify and rate mitigating controls**

Once the corruption risks have been identified, the risk assessment teams need to allocate existing controls and mitigating activities to each identified risk.

Step 5 **Calculate the residual risk**

After establishing appropriate controls and programmes to mitigate corruption risks, the residual risk, considered in the light of the risk tolerance levels, is to be determined.

Step 6 **Develop an action plan**

It is suggested that heat maps may be used to capture the results of a corruption risk assessment. This map will display the risks identified by a company, constructed according to the probability and potential impact, on a background of multiple colours with each colour representing a different corruption risk. A simple heat map will include the colours red, yellow and green which symbolise high-risk, medium-risk, and low-risk, respectively.

The anti-corruption risk assessment needs to be conducted at least once a Financial Year in order for resources to be used in the most effective and efficient way. Senior management needs to have an extensive understanding of the risks relating to corruption in order to actively execute risk mitigation plans.

