

<b>Revision No:</b> 04 <b>Issue Date:</b> May 2015 <b>Last Review Date:</b> November 2020	<b>Author:</b> CI Lewis	<b>Review and recommend for approval:</b> Risk Committee	<b>Approval:</b> Grindrod Board	Page 1 of 5
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(Registration Number: 1966/009846/06)

**RISK COMMITTEE**  
**TERMS OF REFERENCE**

**1. Definitions**

Unless the context indicated otherwise, the following words or terms of expressions shall have the meanings subscribed to them hereunder;

- 1.1. “**Board**” means the Board of Directors of the Company;
- 1.2. “**Chairman**” means the chairman of the Risk committee appointed by the Board
- 1.3. “**Committee**” means the Risk committee of the Company;
- 1.4. “**Companies Act**” means the Companies Act No 71 of 2008, as amended from time to time;
- 1.5. “**Company**” means Grindrod Limited (Registration Number 1966/009846/06), including its subsidiaries;
- 1.6. “**Directors**” means directors of the Company from time to time;
- 1.7. “**MOI**” means the Memorandum of Incorporation of the Company;
- 1.8. “**Secretary**” means the secretary of the Committee as more fully set out in paragraph 5;
- 1.9. “**King IV**” means the King Report on Governance for South Africa 2016;
- 1.10. “**Members**” mean the initial persons appointed as members of the Committee as well as any persons succeeding them in terms of these Terms of Reference, in their capacities as Members of the Committee.

**2. Introduction**

Section 72 of the Companies Act makes provision for a company, to the extent that the MOI permits, to appoint any number of committees of directors and to delegate to any committee any of the authority of the Board. Principle 4 of King IV states that the board of the company should appreciate that the company’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all integrally connected and part of the value creation process.

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Principle 8 of King IV states that the board should ensure that the delegation of duties and responsibilities to its various board committees promote independent judgement, assist with the balance of power and the effective performance of its duties. More specifically the oversight of risk and opportunity governance should be allocated to a dedicated committee.

Principle 11, with its associated practices, set out best practice guidelines for risk governance, on which these terms of reference have been compiled.

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

- 3.1. The Risk Committee is a committee of the Board, advisory in nature and accountable to the Board and to shareholders by reporting on an annual basis on the performance of its mandate.
- 3.2. Members will be appointed by the Board from amongst the Directors or Prescribed Officers of the Company from time to time and shall consist of not less than five (5) members, at least two of whom must be a non-executive director not involved in the day to day management of the company within the previous three financial years and the members of the Executive committee. In deliberating on the appointment of Members, the Board should give due consideration to the ideal combination of skills required to fulfil the functions of the Committee.
- 3.3. The Board shall appoint the Chairman of the Committee, who shall be a non-executive director.
- 3.4. If at any meeting of the Committee the Chairman is absent the remaining members present shall elect one of the members to chair that specific meeting.

### **4. Tenure of the committee**

The committee shall endure indefinitely, until such time as the Board may determine otherwise.

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

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

### **6. Secretary**

- 6.1. The company secretary or his/her nominee shall act as the secretary of the Committee.

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- 6.2. The company secretary or his/her nominee shall take written minutes of all meetings of the members; circulate them to the members for correctness and ensure that the Chairman signs the minutes as a correct reflection of the proceedings at the meetings.
- 6.3. The company secretary shall maintain a minute book and a register of all resolutions of the Committee.

## **7. Mandate and responsibilities**

The Committee is to monitor the activities of the Company, including its subsidiaries, taking into consideration the relevant legislation, any other legal requirements or prevailing codes of best practice. The following basic responsibilities/powers form part of the mandate of the Committee:

- 7.1 Approve the risk policy, addressing risk and opportunity governance. Risk governance should include both the opportunities and associated risks to be considered when setting the strategy, and the potential positive and negative effects of the same risks on the attainment of the company's objectives. These risks and opportunities include those selected to be included in the top risk and opportunity register, as well as the global risks and opportunities as set out in the Grindrod 2025 Position Policy.
- 7.2 As part of the execution of its mandate, acknowledge that risk is integral to the decision-making and execution processes.
- 7.3 Evaluate the nature and extent of the risks which the company is willing to take to achieve its strategic objectives.
- 7.4 Approve the company's risk appetite as well as risk tolerance levels.
- 7.5 Monitor and review the implementation and execution of risk management integrated into the business activities and culture of the company, which includes:
  - 7.5.1 the assessment of risks and opportunities resulting from the triple context in which the company operates, as well as the capitals that the company uses and affects.
  - 7.5.2 the potential opportunity presented by the risks, with the potentially negative effects on achieving the company's objectives.
  - 7.5.3 the assessment of the company's dependence on resources and relationships
  - 7.5.4 the selection and implementation of appropriate risk response
  - 7.5.5 the creation and implementation of business continuity arrangements
- 7.6 Review the adequacy and completeness of the insurance cover in place.
- 7.7 Review the independent assurance of the internal auditor relating to the integrity and effectiveness of the risk management process.

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7.8 Provide a formal view of the effectiveness of the company's risk management processes to the board and shareholders to be stated in the integrated annual report, including instances where the risk appetite exceeds, or deviates materially from the determined risk tolerance levels.

## **8. Rights / Obligations**

- 8.1. Require from any Director, Prescribed Officer or employee of the Company any information or explanation necessary for the performance of its functions.
- 8.2. Attend any general shareholders meeting.
- 8.3. Receive all notices of and other communication relating to any general shareholders meeting.
- 8.4. Be heard at any general shareholders meeting or any part of the meeting that concerns the committee's functions.
- 8.5. The Chairman shall attend the annual general meeting of the company to respond to any shareholder or other stakeholder queries relating to the committee's activities.

## **9. Meeting procedures**

### 9.1 Frequency

The Committee shall meet at least twice a year. Further meetings may be called by any committee or board member and shall be governed by the provisions of the Company's Memorandum of Incorporations relating to meeting procedures.

### 9.2 Quorum

- 9.2.1 A quorum for a meeting of the Committee shall be three members present, of whom one shall be a non-executive director, and no business shall be transacted at a meeting of the Committee unless the requisite quorum is present
- 9.2.2 A resolution pursuant to achieving the objectives contained herein signed by all the members (unanimous resolution) shall be as effective for all purposes as if it had been passed at a meeting of the Committee duly convened, held and constituted.

## **10. General**

The Committee shall on an annual basis:

- 10.1 Review its collective performance in the form of an evaluation by the Chairman of the Committee, who will then be evaluated by the Board; and

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- 10.2 Review its Terms of Reference to ensure optimal effectiveness and to recommend any changes it considers necessary to the Board for approval.
- 10.3 Review and approve its Annual Work Plan.