

# RISK REVIEW

## RISK MANAGEMENT

Grindrod has embedded risk management processes throughout all business operations. Group management is accountable for designing and implementing risk management systems and processes and reporting on these to the Board and its sub-committees.

Our risk management processes are based on the ISO 31000 risk management standard. The Group's risk management function operates through a Risk and Opportunity Governance Framework and formal risk management plan.

Risk management is listed as a key performance area for all Grindrod line managers.

Management utilises risk management to identify key risks and associated opportunities, while monitoring the processes and plans to manage identified key risks. Key risks are consolidated into key risk areas and evaluated on their potential impact and probability in terms of the likelihood of occurrence and negative or positive impact on the capitals.

The effectiveness of risk management efforts is assessed in terms of the Group's King IV-aligned combined assurance model, providing five levels of assurance:



### Roles and responsibilities

Every committee of the Board is responsible for the management of relevant risks falling within its area of responsibility. The Risk committee has overall responsibility for the risk management framework. This provides a basis for:

- Enhancing strategic planning by identifying risks and opportunities linked to Grindrod's strategic objectives;
- Proactively tackling issues likely to positively or negatively impact Grindrod's strategic objectives;
- Improving the quality of decision-making by providing structured methods for exploring risks and allocating resources;
- Supporting consistent behaviours and decision-making towards risks and opportunities;
- Identifying recurring/strong themes and pervasive risks;
- Developing complete risk responses by comprehensively understanding their causes, effects and consequences;
- Aligning risk appetites and defined risk tolerance levels for each key risk with Group strategy; and
- Improving Grindrod's agility to anticipate, identify, adapt and respond to changes.

The committees of the Board assist the Board in discharging its duties and responsibilities. Each committee operates within a Board-approved committee Terms of Reference, which are reviewed annually.

Independent non-executive directors chair all Board committees. Committees have a minimum of three members with the necessary capacity, knowledge, skills and experience.

ROLE	Responsibility
<b>Board</b>	Retains the ultimate responsibility for risk and opportunity governance, including compliance and performance-related aspects.  Determines the appropriate level of risk that Grindrod is willing to tolerate and opportunities it is willing to pursue.
<b>Risk committee</b>	Assists the Board in carrying out its risk governance responsibilities.  Grindrod Bank's Risk and Capital Management committee is responsible for the Bank's capital management policy, capital planning initiatives and overseeing the implementation of effective risk management. The Credit Risk committee is responsible for assessing and managing credit risk, including concentration and counterparty risks.
<b>Investment committee</b>	Assists the Board in setting Grindrod's strategic direction, within the context of identified risks and opportunities.  Advises on capital and other strategic applications.
<b>Audit committee</b>	Ensures the integrity of internal financial controls and manages financial and related IT risks.
<b>Social and Ethics committee</b>	Assists the Board in discharging its corporate governance responsibilities relating to sustainable development across the three domains of economic, social and environmental. Aspects include ethics, anti-bribery and corruption, the environment, health and public safety, legal compliance, stakeholder relations, transformation, labour and employment.
<b>Nomination committee</b>	Reviews the skills and experience base and performance of the Chair, the Board and its committees.  Oversees executive management succession planning to promote business continuity.  Oversees the sourcing and selection process for Board appointments.
<b>Remuneration committee</b>	Assists the Board to perform its remuneration governance responsibilities.
<b>Executive management</b>	Designs, implements and monitors integrated risk management processes.  Encourages a risk-conscious business culture by embedding agreed internal controls and mitigating actions through all levels of management and supervisory staff.
<b>Divisional executives</b>	Develop and implement risk management systems and processes within their divisions.
<b>Group risk management</b>	Co-ordinates risk and opportunity management activities throughout the Group, continually reviews the system and process of risk management against accepted standards and best practices and coordinates appropriate reporting within the Group.
<b>Employees</b>	Report on risks and opportunities they become aware of and implement actions in line with the risk management processes.
<b>Internal audit</b>	Performs an independent assessment of the effectiveness of risk governance.

## RISK REVIEW continued

### ASSURANCE OF GRINDROD'S RISK MANAGEMENT FUNCTION

In 2021, BDO South Africa was contracted to undertake an independent assessment of Grindrod's enterprise risk management (ERM) function. The key objectives of this ERM review were to:

- evaluate Grindrod's current framework against leading guidelines and recommendations;
- provide best practice recommendations for improving our risk processes; and
- review the current risk and control registers and assess the overall effectiveness of the risk management processes.

#### BDO's conclusions

BDO concluded that Grindrod's risk and opportunity governance framework was adequate and aligned to King IV, ISO 31000 and the COSO ERM framework. More specifically, BDO concluded that:

- Grindrod's risk management principles are being continuously improved;
- the Group's risk culture is driven from the top in a positive manner; and
- risk management processes are well defined and complied with at each level.

### RISK RATING METHODOLOGY

We analyse, mitigate and subsequently rank our risks from the following broad perspectives:

#### GLOBAL PERVASIVE RISKS

Far-reaching and universally pervasive risks may significantly impact Grindrod's sustainability. While these external risk factors are largely beyond our control, we constantly monitor and take steps to manage their actual or potential impacts.

#### KEY INDUSTRY RISKS

Material risks to the industries in which Grindrod operates are identified with due consideration of the key national, regional and global risks relevant to Grindrod's operations. These are categorised according to the World Economic Forum's five threat categories.

#### RESIDUAL RISKS

Residual risk is defined as the threat that remains after every effort has been made to identify and eliminate risks in a given situation. The residual risk is calculated in the same way as the initial risk, by determining the likelihood and consequence, and then combining them in a risk matrix.

**Post-reporting events:** The Russian-Ukraine conflict has resulted in extraordinary uncertainty, with surging energy and commodity prices adding to inflationary pressures from supply chain disruptions. Resulting price shocks and the effect of sanctions on Russia will have a considerable impact on the global economy and financial markets, adding complexity to the global stage as the world economy recovers from the pandemic crisis. At the time of writing, the situation is fluid and still unfolding.

### INDUSTRY KEY RISK AREAS

Material risks to the industries in which Grindrod operates are identified with due consideration of the key national, regional and global risks relevant to Grindrod's operations and categorised according to the World Economic Forum's five threat categories, namely Economic, Environmental, Geopolitical, Social and Technological, ranked in order of perceived imminent risk.

Consideration is given to selected external sources, including the World Economic Forum's Global Risk Report, IRMSA Perspective, IoDSA Sentiment Index, Allianz's Risk Barometer and Marsh Top Global Maritime Risks. Internally, the Grindrod Global Risk Sensitivity Model, Top Risks and Opportunities Report read with the Pervasive Risk Report and insights of operational and senior executives lend further input.

Industry risks shifted during the year following changes in global dynamics driven by the COVID-19 pandemic. Recessionary conditions and the associated increase in business and industry failure and unemployment influenced key economic risk areas and impacted society at large. Dramatic changes in the application of technology as a business driver heightened the associated technological risk.

The table below outlines the key risk areas for the current and previous years relevant to the industry in which Grindrod operates. The risk ratings are not residual risk ratings, and hence do not factor in controls or mitigations. Grindrod considers the controls and mitigations when analysing the risk areas for the Group.

Risk category	Key risk area	2021		2020	
		Risk ranking	Risk rating	Risk ranking	Risk rating
<b>Economic</b>	Business interruption	6	High	4	High
	Global economic crisis and trade wars	7	High	6	High
	Commodity demand, price volatility and customer concentration	8	High	8	High
	Declining regional investment	12	Medium	12	Medium
	Energy and water cost fluctuation	13	High	13	High
	Infrastructure and SOE deficiencies	14	High	14	High
<b>Environmental</b>	Climate change and extreme weather	2	High	7	High
<b>Social</b>	COVID-19 pandemic	4	Medium	1	High
	Social unrest and inequality	1	High	2	High
	Local political instability and economic uncertainty	5	High	5	High
<b>Geopolitical</b>	Governance, legislation and regulations	9	Medium	9	Medium
	Global regulatory compliance	10	Medium	10	Medium
	Fraud and corruption	11	Medium	11	Medium
<b>Technological</b>	Cyber	3	High	3	High

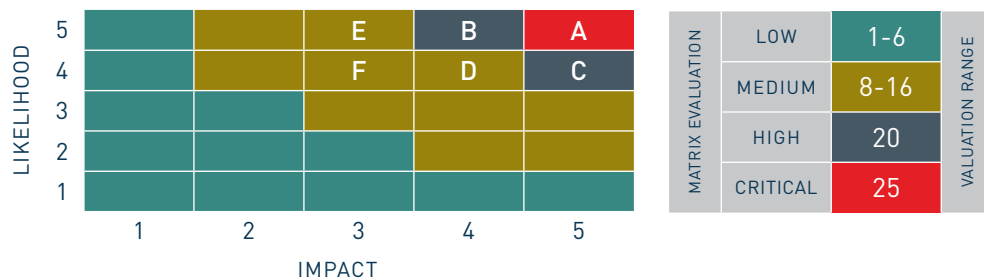
## RISK REVIEW continued

## OUR TOP RISKS 2021

The tables below outline the top 10 principal risks in order of priority that have a material impact on Grindrod's ability to create value, as at 31 December 2021.

RESIDUAL RISKS	BANK Exposure	FREIGHT Exposure		2021 residual risk rating	2020 residual risk rating
Credit and capital adequacy	✓		–	B	B
Political and sovereign risk	✓	✓	–	B	B
Key logistic providers' engagement		✓	▲	B	C
Regulatory compliance	✓	✓	▲	B	E
Liquidity	✓	✓	–	C	C
SHERQ	✓	✓	–	C	C
Customer and commodity concentration	✓	✓	▲	C	D
Transformation		✓	▼	C	B
Cyber and ICT	✓	✓	–	D	D
Fraud, bribery and corruption	✓	✓	–	E	E

## Residual Risk Heat Map November



Marine technology and servicing | CAPE TOWN



## RISK REVIEW continued

A detailed analysis of each identified risk and how management is mitigating each, is shown below:

RISK	Implications for value creation	Mitigating actions	Associated opportunities
<b>Credit and capital adequacy</b>  By the nature of its operations, Grindrod's banking division is exposed to the risk of financial loss resulting from the failure of a counterparty to meet its financial or contractual obligations when due.  This risk remains high because of the impacts of the COVID-19 pandemic as well as the downgraded credit status of South Africa.	<ul style="list-style-type: none"> <li>Financial loss resulting from the failure of a counterparty to honour its financial and contractual obligations fully.</li> <li>Grindrod Bank relies on the security underpinning credit facilities in certain instances. Tangible or enforceable security might not exist, compromising the Bank's recourse if a client defaults and the Bank must act on security to recover its position.</li> <li>Complex non-standard products (investment banking) are not fully understood or rushed through due to pressure to clinch the deal.</li> <li>Non-adherence to Grindrod's Credit Risk Management policies and procedures could result in the deal/customer being incorrectly assessed.</li> <li>Customers can expose Grindrod Bank to risks of defaults.</li> </ul>	<ul style="list-style-type: none"> <li>Well-defined and actively monitored risk tolerance levels.</li> <li>Amplify credit decision-making governance structures, including ESG assessment during vetting processes.</li> <li>Manage exposure levels in different sectors in line with macroeconomic expectations.</li> <li>Increase engagement with and assess clients at various stages using formalised robust procedures.</li> <li>Ensure acceptable security where applicable.</li> <li>Regular monitoring of client debt-servicing, financial performance, concessions and industry conditions.</li> <li>Communication of early warning signs to management.</li> <li>Enhanced effectiveness of collections capability.</li> <li>Credit proposals, and ultimately adherence to the Credit policy are reviewed and signed off by the relevant Board and management committees.</li> <li>Periodic review of debtor policies and procedures by internal audit.</li> <li>Inclusion of working capital management as a key performance indicator (KPI) for business unit divisional heads.</li> </ul>	<ul style="list-style-type: none"> <li>Maximise the Bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.</li> <li>Improve the efficiency of lending decisions by identifying high-risk loans which could lead to financial loss if accepted.</li> </ul>
<b>Political and sovereign risk</b>  Grindrod operates in countries where political and forex decisions, conditions or events, may affect the viability or value of its business.  This risk remains high due to the effects of the COVID-19 pandemic and South Africa's weak economic fundamentals. These are exacerbated by slow structural reforms and challenges at state-owned enterprises.	<ul style="list-style-type: none"> <li>Operational disruption caused by political turmoil.</li> <li>Value erosion due to credit-rating downgrades.</li> <li>Expropriation of assets or concessions.</li> <li>Increased cost of capital.</li> <li>Reduced enterprise and stakeholder value.</li> </ul>	<ul style="list-style-type: none"> <li>Manage and monitor exposure levels of foreign exchange risks.</li> <li>Partner with investors that invest in these regions, such as development finance institutions.</li> <li>Identify strategic markets with strong prospects for political reform.</li> <li>Perform thorough country and investment assessment before investing.</li> <li>Insure political risk where appropriate.</li> <li>Engage collaboratively and consultatively with regional governments and communities.</li> <li>Invest in meaningful social upliftment initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Develop new infrastructure and integrated logistics opportunities across Africa in line with Grindrod's strategy. The returns are likely to be high if Grindrod can operate successfully in all jurisdictions.</li> </ul>



## RISK REVIEW continued

RISK	Implications for value creation	Mitigating actions	Associated opportunities
<b>Key logistic providers' engagement</b> <p>Grindrod's Freight Services operations rely on agreements with suppliers and partners to optimise infrastructure utilisation and ensure efficient cargo flow. Income losses could jeopardise business outcomes due to business interruptions.</p> <p>Grindrod maintains proactive relationships with key strategic suppliers and partners, notwithstanding the current challenges in our business environments.</p>	<ul style="list-style-type: none"> <li>• A loss of sustainable income if a crucial supplier or partner defaults on an agreement.</li> <li>• Underutilised capacity due to lack of competitive pricing and rail resource allocation.</li> <li>• Rail/road challenges impacting Grindrod's SA ports operations.</li> <li>• Reduced infrastructural asset efficiencies due to inefficiencies in the strategic supply chain.</li> <li>• Reduced enterprise and stakeholder value.</li> </ul>	<ul style="list-style-type: none"> <li>• Well-defined and actively monitored risk tolerance levels.</li> <li>• Constructive engagement with suppliers and partners at strategic and operational levels.</li> <li>• Agreements with suppliers that maximise asset utilisation through diversification.</li> <li>• Create and maintain customer-centric solutions.</li> <li>• Establish governance structures to manage key strategic supplier relationships effectively.</li> <li>• Memorandum of Understanding signed with Transnet to enable diversification of RBTG from coal.</li> <li>• Engagement with Transnet to support the repair and restoration of the export belt in Richards Bay.</li> <li>• Shareholding with government in key strategic assets in Mozambique.</li> <li>• Lodge interlocutory application to court to address insurance claim.</li> <li>• Promote key stakeholder involvement in the ownership of key strategic assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with Transnet on strategic and operational issues.</li> </ul>
<b>Regulatory compliance</b> <p>Grindrod's licence to operate is subject to its divisions ensuring continued compliance with all laws and regulations applicable to its diverse operations. Inadequate compliance could result in reputational damage that will impact on the sustainability of Grindrod's operations.</p> <p>This risk remains high due to continuous change in regulatory compliances and heightened monitoring of regulatory compliance requirements. However, robust controls and governance processes have reduced the level of residual risk.</p>	<ul style="list-style-type: none"> <li>• Litigation and claims from customers.</li> <li>• Fines and increased audits from regulators.</li> <li>• Negative impact on the Grindrod brand.</li> <li>• Loss of competitive advantage.</li> <li>• Financial losses, reduced share price.</li> <li>• Lack of employee commitment and engagement.</li> <li>• Reduced employee commitment and loss of key personnel.</li> <li>• Reputational damage.</li> <li>• Loss of competitive advantage with reduced enterprise and stakeholder value.</li> </ul>	<ul style="list-style-type: none"> <li>• Well-defined and actively monitored risk tolerance levels.</li> <li>• Ongoing monitoring of compliance utilising a combined assurance approach.</li> <li>• Embedding a compliance-based culture across business divisions.</li> <li>• Prompt responses to all queries from regulators, with strict adherence to deadlines.</li> <li>• Implementation of incoming JSE requirements and ongoing monitoring.</li> <li>• Compliance with POPI and the Conduct Standards for Banks.</li> </ul>	<ul style="list-style-type: none"> <li>• Create a culture of compliance and good governance.</li> <li>• Save costs associated with potential fines.</li> <li>• Build trust with regulators by demonstrating commitment to good governance and compliance with laws and regulations.</li> </ul>
<b>Liquidity</b> <p>The potential mismatch between short-term deposits and long-term advances can negatively affect liquidity at Grindrod Bank. Poor market conditions can influence cash flow within the Port and Terminals and Logistics businesses and restrict the ability to execute on strategic projects and acquisitions.</p> <p>The risk of a negative cumulative on-balance sheet contractual maturity mismatch in any time period remains relevant to the Bank, while cash flow in the Port and Terminals and Logistics divisions are impacted by continued local and global economic growth constraints of the COVID-19 pandemic can reduce cash and cash flow generation.</p>	<ul style="list-style-type: none"> <li>• Funding term mismatch resulting in the funding of short-term assets with long-term funds (expensive) or the funding of long-term assets with short-term funds (high risk).</li> <li>• Deposit and funding lines could be withdrawn, creating a funding mismatch at Grindrod Bank.</li> <li>• Failing to maintain the mandatory level of liquid assets (prescribed investments) and noninterest reserve account funding (cash at SARB) as required by the Banks Act, leading to corrective measures and potential financial penalties.</li> <li>• A shortage of liquidity available to cover unexpected payments at short notice can lead to overdrawn transactional accounts, leading to substantial overnight interest to be paid.</li> <li>• Cash shortage in the Group can result in a failure to service debt and fund investment opportunities. These would lead to high interest expenses on borrowings and breaches of covenants.</li> </ul>	<ul style="list-style-type: none"> <li>• Well-defined and actively monitored risk tolerance levels.</li> <li>• Active monitoring and reporting on facilities, cash flows and covenants through our centralised Treasury function.</li> <li>• Adherence to SARB's collateral and liquidity requirements.</li> <li>• Ongoing monitoring by the Balance Sheet Management (BSM) committee supported by regular cash flow forecasts.</li> <li>• Drive working-capital management.</li> <li>• Maintain an optimal balance between equity and debt funding, as well as committed and uncommitted bank facilities.</li> <li>• Regular cash forecasts for USD and ZAR Group funds reported to the Board in our quarterly Treasury report.</li> </ul>	<ul style="list-style-type: none"> <li>• Make the most effective use of the Bank's surplus cash while adhering to SARB's collateral and liquidity requirements.</li> <li>• Responsibly leverage the Grindrod balance sheet to ensure maximum shareholder return on investment.</li> </ul>

## RISK REVIEW continued

RISK	Implications for value creation	Mitigating actions	Associated opportunities
<b>SHERQ</b>  Grindrod operates in an environment that exposes its employees, other stakeholders and the environment to potential risks.  The impact of the COVID-19 pandemic has emerged as an unpredictable global systemic risk that impacts the economic, social, geopolitical and environmental domains.	<ul style="list-style-type: none"> <li>Fatalities, injuries, occupational disease: <ul style="list-style-type: none"> <li>As at 31 December 2021 Grindrod had reported 618 positive COVID-19 infections, with 11 COVID-19 related deaths and 480 recoveries (98 percent recovery rate).</li> <li>Heightened mental health challenges potentially impacting workforce.</li> </ul> </li> <li>Adverse impact on staff health and welfare.</li> <li>Significant environmental events.</li> <li>Sub-standard quality of service delivery.</li> <li>Reputational damage.</li> <li>Insurance claims.</li> <li>Legal non-compliance exposing S16.1 and S16.2 appointees according to OHS Act 85 of 1993.</li> <li>Stakeholder relations.</li> <li>Employee retention.</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 specific risk assessments conducted.</li> <li>Employees that can work remotely are encouraged to do so.</li> <li>Policies and procedures developed and implemented – COVID-19 managers' handbook.</li> <li>Rollout of vaccines within the organisation.</li> <li>Awareness campaigns/toolbox talks etc.</li> <li>Implement SHERQ and legal compliance KPIs for senior employees.</li> <li>Improve SHERQ risk management through a refresher campaign across the Group.</li> <li>Drive community engagement to prevent road fatalities.</li> </ul>	<ul style="list-style-type: none"> <li>Operate in environments that support safe and secure working conditions for all employees, while ensuring compliance with all applicable legislation.</li> <li>Minimise negative impacts on the environment and communities.</li> <li>Provide goods and services that meet customer and quality requirements, while complying with relevant legislation and voluntary adopted frameworks.</li> </ul>
<b>Customer and commodity concentration</b>  Grindrod's Freight Services business is exposed to the risks of customer concentration and continued cyclical commodity demand and prices, which results in volatility in asset-utilisation and resultant earnings.  Furthermore, the sustainability of the Bank can be adversely impacted through single large exposures on its deposit and lending books.  Our risk rating increased as a result of COP 26 initiatives to transition to a low carbon economy. Falling iron ore prices could impact our rail leasing contracts.	<ul style="list-style-type: none"> <li>Concentrated exposure to cyclical commodity demand and prices results in volatility of earnings and asset utilisation. This will affect enterprise and stakeholder value, and earnings predictability.</li> <li>Undue dependency on specific suppliers could hurt Grindrod's performance should defaults occur.</li> <li>Increasing environmental pressure on coal as a primary electricity source will reduce demand for this commodity in the long run.</li> <li>Single large exposures on deposit and lending books can impact the sustainability of the Bank.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing market trend analysis and understanding to identify new opportunities.</li> <li>Engage major customers and suppliers to optimise logistics solutions and mutually align objectives.</li> <li>Investigate opportunities to bulk up the division through targeted acquisitions.</li> <li>Engage constructively with suppliers and partners to secure mutual commitment to unlocking the potential of infrastructural assets and corridors.</li> <li>Improve capacity utilisation through commodity, customer and geographic diversification.</li> <li>Continued engagement with key logistics services providers to deliver contracted coal and magnetite volumes.</li> <li>Secure bulk commodities that are in line with the future bulk terminal strategy.</li> <li>Diversified deposit books and well managed concentration exposures in the Bank.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue streams based on new commodities while maintaining optimal infrastructure efficiencies.</li> <li>New customers and markets, e.g., graphite, vanadium and hematite.</li> </ul>
<b>Transformation</b>  Grindrod is continually transforming itself to maintain its social contract with stakeholders as the commercial world evolves. Adequately addressing these requirements is integral to retaining and growing the group's position as a preferred service provider.  Our transformation efforts pay heed to any regulatory changes or revisions to applicable B-BBEE codes.	<ul style="list-style-type: none"> <li>Loss of existing client business.</li> <li>Failure to secure new business to drive organic growth.</li> <li>Fines imposed due to non-compliance.</li> <li>Reputational damage.</li> <li>Reduced enterprise and stakeholder value.</li> </ul>	<ul style="list-style-type: none"> <li>Drive compliance across the business through clear strategies and communication.</li> <li>Regular reporting on the status of each business through the Social and Ethics committee.</li> <li>Identify compliance gaps in the light of the draft Maritime and Transport Sector Codes.</li> <li>Ongoing monitoring to achieve B-BBEE ownership targets.</li> </ul>	<ul style="list-style-type: none"> <li>Making Grindrod more diverse through preferential procurement, supporting B-BBEE enterprises and upskilling our employees.</li> </ul>

## RISK REVIEW continued

RISK	Implications for value creation	Mitigating actions	Associated opportunities
<b>Cyber and ICT</b> <p>Grindrod's operations rely on technology platforms to facilitate service delivery. The increased use of digital platforms, changes in working environments and continuous advancement in digital technology, particularly in the financial services sector, increases the risk of cybercrime. This necessitates maintaining the integrity and stability of key IT systems to protect client interests against increasingly sophisticated cyber attacks.</p>	<ul style="list-style-type: none"> <li>Financial losses resulting from the theft of information or money, corruption of data, business disruption losses and the loss of clients.</li> <li>Reputational damage, including loss of clients.</li> <li>Fines and regulatory sanctions.</li> <li>Reduced enterprise and stakeholder value.</li> </ul>	<ul style="list-style-type: none"> <li>Formalised cyber security strategy, policies, charters, processes and systems specifically focused on POPIA compliance.</li> <li>IT Governance, IT general controls and cyber security risks are reviewed quarterly through a comprehensive cybersecurity framework.</li> <li>Cyber insurance minimum requirements have been re-evaluated by insurers.</li> <li>Business Continuity/Disaster Recovery requirements, practices and processes to ensure IT impacted disruptions.</li> <li>ICT performance and the alignment of people, process and technology, ensuring IT is staffed with suitably skilled, empowered people.</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration and alignment of overall objectives between business operational IT and Group IT e.g., using integrated platforms and focused digital strategy.</li> <li>Standardised network and security standards across the Group enable cost-effective integration of business, while supporting cyber security resilience.</li> <li>Controlled application management, including security protocols and governance standards.</li> </ul>
<b>Fraud, bribery and corruption</b> <p>Grindrod operates in an environment where instances of fraud, bribery and corruption are pervasive. Sound governance and internal control structures may be compromised should employees operate outside the framework of Grindrod's core values of transparency, respect, integrity, professionalism, fairness and accountability.</p> <p>Fraud, bribery and corruption remains a key risk in the Group due to its pervasive nature.</p>	<ul style="list-style-type: none"> <li>Reputational damage to the Group, its directors, employees and potentially its stakeholders, including shareholders.</li> <li>Volatility in share price, with the potential of a significant drop in the share price as a result of negative publicity and investor rules.</li> <li>Regulatory fines and/or criminal prosecution – criminal prosecution may result in "blacklisting" from government work in a multitude of jurisdictions.</li> <li>Investigation and remedial costs – legal fees and possibility of having a monitor imposed.</li> <li>Financial losses, impacting the profitability of the Company.</li> <li>The inability to secure adequate and applicable insurance cover.</li> <li>Breaching obligations in debt funding agreements, with the potential for funding to be withdrawn at short notice.</li> </ul>	<ul style="list-style-type: none"> <li>Anti-bribery and corruption workshop held for Grindrod Freight Services executive committee and other senior managers.</li> <li>Fraud, bribery and corruption interactive training for entire employee base.</li> <li>Implementation of recommendations received from ENS.</li> <li>Rollout of Grindrod EthicsDefender usage survey.</li> <li>Comprehensive overhaul of Whistleblowing and Anti-Corruption Policies.</li> <li>Annual Ethics Declaration and Sign Off by all staff.</li> <li>Robust monitoring of compliance with the Code of Ethics through internal audit.</li> </ul>	<ul style="list-style-type: none"> <li>Safeguard an ethical culture based on the Grindrod core values of transparency, respect, integrity, professionalism, fairness and accountability with no instances of fraud, bribery or corruption in or connected to the Group and its subsidiaries.</li> </ul>