1. Introduction

The vision of Grindrod Limited Group (hereinafter referred to as the Group), as a South African listed company, is to create sustainable returns and long-term value for shareholders. In line with its vision and values, the Group recognises its moral and legal responsibility to fulfil its tax obligations, contributing fairly to the fiscus of the various countries/jurisdictions in which it operates.

2. Purpose of Establishing an Effective Tax Function

The Group’s objective is to ensure that it complies fully with the tax laws and regulations of the countries/jurisdictions in which it operates whilst recognising the Group’s obligations to create sustainable returns, while ensuring that it maximises shareholder value.

The Group seeks to be efficient in its tax affairs and will ensure that all tax planning is built on sound commercial business activity. The Group is to ensure that it has effective procedures and adequate resources in place to enable it to comply with its tax obligations in a timely, accurate and professional manner.

The Group should maintain open lines of communication with Revenue Authorities in all the countries/jurisdictions in which it operates and develop cordial, constructive, professional working relationships with those Revenue Authorities.

3. Scope

This policy (which applies to all Group companies including offshore entities) covers the following taxes:

- Income tax (including PAYE, capital gains tax and transfer pricing)
• Value-Added Tax (VAT)
• Customs and excise duty
• Withholding taxes
• Dividend taxes
• Securities Transfer Tax
• Transfer Duty
• Donations tax
• Other taxes applicable to offshore entities or not specifically mentioned above.

Any reference to “tax” or “taxes” in this document includes all the taxes listed above.

4. Organisational Structure and Responsibilities

4.1. Introduction
The Group is prepared to accept and manage tax risk where it involves activities in which it has appropriate competencies. It is the responsibility of the group tax function to ensure that all significant tax risks are recognised and managed.

While overall, the Group Tax Risk Management Policy will be reviewed, approved and monitored from time to time by the Grindrod Limited Board of Directors, the day-to-day implementation of the policy is delegated to management (in the form of the Group Financial Director, Group Tax Manager, Divisional Chief Financial Officers and Heads of Corporate Finance / Capital Projects).

The responsibility of monitoring compliance to this policy and reporting thereon to the Board of Directors (or its Audit Committee) is delegated to Group Financial Director and the Group Tax Manager. The Group Financial Director (assisted by the Group Tax Manager) will report on a quarterly basis to the Board of Directors (or its Audit Committee) on the implementation of this policy and significant tax risks.

The identification of responsibilities set out below provides a framework within which the Group operates:

4.2. Board of Directors
• The Board of Directors (Board) is ultimately responsible for the Group’s tax risk management strategy and profile.
• The Board is responsible for reviewing that there is a process in place by which tax risk is identified and managed.
• Approval of transactions with significant tax risks.

4.3. Audit Committee
• Monitoring that the Group Tax Risk Management Policy is adhered to.

4.4. Group Financial Director
• Group Financial Director is responsible for tax risk management throughout the group – this responsibility may be delegated to the Group Tax Manager.
• Escalating significant tax issues to the Audit Committee for review and the Board (and/or Exco) if appropriate.
• Advising the Group Tax Manager of decisions made by the Board (and/or Exco) that may have potential significant tax implications.

4.5. Group Tax Manager
• Monitoring that the Group Tax Risk Management Policy is implemented and adhered to and reporting thereon to the Group Financial Director and Board (or its Audit Committee).
• Managing the group tax function and ensuring that the group tax function is appropriately resourced to service the Group.
• Monitoring the management of tax risk and tax compliance within the Group.
• Obtaining and providing specialist tax advice to the business.
• Engaging with third party advisors on behalf of the group.
• Escalating significant tax issues to the Group Financial Director and/or the Board (or its Audit Committee) for review, if appropriate.

4.6. Divisional Chief Financial Officers
• Managing transfer pricing documentation, tax record keeping, tax reporting and tax return submissions at an operational level.
• Escalating significant tax issues, new cross border transactions between connected parties, proposed restructuring transactions, merges and acquisitions, and Revenue Authority audits to the Group Tax Manager on a timely basis.

4.7. Heads of Corporate Finance/Capital Projects
• Providing early notification to the Group Tax Manager of any proposed transactions / projects.
• After consultation with and sign-off by the Group Tax Manager, engage third party advisors to provide tax advice.
• Obtain sign-off from Group Tax Manager before implementation of any capital projects.

5. Managing Tax Risks

5.1. Tax Risk Tolerance
In addition to the above, the Board sets out below the key operating guidelines that it requires the Group to adhere to:
• The Group Tax Manager should be notified and involved from the planning stages in all strategic and commercial capital projects with a transaction value of R5m or more.
• The Group Tax Manager should be immediately notified and involved in, from the query stage, any audits by the Revenue Authorities, tax disputes or any transactions with significant tax risks that are likely to be challenged by the tax authorities.
• External opinions should be obtained from an appropriately qualified third party advisor on any contentious issue where the potential tax risk is greater than R5m.
• External advisors may only be appointed by divisions to provide tax advice, perform compliance reviews or be involved in tax audits/disputes after consultation with and sign-off on the appointment by the Group Tax Manager.

5.2. Managing Tax Compliance Risk (Including Tax Audits and Disputes)
• The Group Tax Manager manages the group tax function throughout the group and is responsible for tax risk management.
• Administration of the various taxes remains with the divisions. The divisions must report to the group tax function quarterly on the administration of such taxes and on all non-compliance and tax risks identified.
• The Group Tax Manager convenes Group Tax Committee Meeting on a quarterly basis to discuss latest developments within the division and the tax landscape, and its impact on the Group – the committee should comprise of the following members: Group Financial Director, Group Tax Manager, Divisional Chief Financial Officer and, by invitation, external tax advisors.
• The divisions convene divisional tax committee meeting on a quarterly basis to discuss latest developments within the division and the tax landscape, and its impact on the division and the Group – the committee should include the Group Tax Manager.

5.3. Managing Tax Audits and Disputes
5.3.1. Group tax function
It is the responsibility of the group tax function to ensure that it:
• Is either directly involved in resolving the tax audit or dispute with the Revenue Authority or approves the appointment of a third party service provider to provide assistance.
• Reviews correspondence related to dispute to the Revenue Authority prior to submission to ensure that the submission is complete and accurate and complies with the requirements of tax law and dispute procedures.
• Is involved in meetings with the Revenue Authority on the tax audit/dispute.
• Notifies the Group Financial Director on a timely basis of any significant tax audits / disputes.
• Includes details of significant tax audits / disputes in the quarterly report to the Group Financial Director and/or the Board (or its Audit Committee).

5.3.2. Divisions:
It is the responsibility of the divisions to ensure that:
• The group tax manager is immediately notified of any tax audit / dispute where the potential tax exposure is likely to be in excess of R1m.
• It provides all necessary information, documentation and input required to resolve the tax audit / dispute to the group tax function on a timely basis.

5.4. Managing Tax Planning Risk
5.4.1. Group tax function:
It is the responsibility of the group tax manager to manage the Group’s planning of tax risk efficiently and effectively. All tax planning initiatives (including, for example, group restructuring or merges and acquisitions) should be reviewed by the group tax function.

The group tax function needs to ensure that:
• Appropriate third party service providers are engaged to evaluate the impact of tax planning initiatives on the Group.
• It monitors the implementation and effectiveness of the tax planning initiatives.
• Includes details of significant tax planning in the quarterly report to the Group Financial Director and/or the Board (or its Audit Committee).

5.4.2. Divisions (including Investment Banking / Capital Projects)
Whilst the group tax function is ultimately responsible for managing the Group’s tax risks, it is the responsibility of each division to manage its tax planning risks effectively. Each division needs to ensure that:
• It has involved the group tax function in the planning stage of significant transactions, new ventures, restructures, mergers and acquisition and / or transactions that involve cross jurisdictional considerations. It has received the group tax function’s sign off prior to finalising the transaction.
• It obtains approval from the Group Tax Manager prior to engaging third party service providers for advice on the proposed transaction.
• It reports on the implementation to the group tax function in its quarterly reports.

5.5. Creating and Maintaining Institutional Memory
• Copies of all tax review reports, tax opinions, transfer pricing documentation, tax directives or tax rulings obtained by the division are provided to the group tax function.
• In order to avoid duplication and the risk of obtaining conflicting opinions on the same issue as well as to create efficiency and synergies, the Group must create and maintain institutional memory on tax issues.
• A central repository should be created on a secure server where copies of the tax review reports, tax opinions, tax directives or tax rulings are saved for future reference.
• The divisions consult with the group tax function when it identifies a need to obtain tax advice on an issue, to confirm that advice was not sought by the Group on the same issue previously.