



GRINDROD SHIPPING HOLDINGS PTE. LTD.  
**AUDIT AND RISK COMMITTEE (ARC) CHARTER**

## 1. OBJECTIVE

### 1.1

To support the Board to fulfil its oversight responsibilities in the following areas:

#### 1.1.1

Financial statement preparation and integrity, including the Company's accounting, auditing and financial reporting and disclosure processes

#### 1.1.2

Risk management and internal controls

#### 1.1.3

Internal audit

#### 1.1.4

External audit and independent registered public accounting firm (the "External Auditors")

#### 1.1.5

Legal and other compliance

### 1.2

Otherwise discharge the functions of an audit of similar committee imposed by applicable regulatory or stock exchange requirements

## 2. AUTHORITY

### 2.1

The ARC is authorised by the Board to assist the Board in fulfilling its roles and responsibilities in accordance with the provisions contained in this Charter.

### 2.2

The provisions of this Charter are subject to the application of legislative, regulatory and other requirements where obligatory and the voluntary adoption of appropriate non-compulsory frameworks, including the Company's Constitution, as it may be amended from time to time, the provisions of the Singapore Companies Act, Chapter 50; as revised from time to time; the Singapore Code of Corporate Governance, dated 2 May 2012, as it may be amended from time to time, and the regulatory framework of the United States, including the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules of the Securities and Exchange Commission (the "SEC") and the rules and regulations of The Nasdaq Global Select Market ("NASDAQ") and the rules of the Johannesburg Stock Exchange ("JSE"), or any other securities exchange on which the Company's securities are listed.

### 2.3

In the event of a conflict between the provisions of any of the non-compulsory frameworks stated above, the relevant provisions of the Exchange Act, the SEC rules and the NASDAQ rules, and the JSE rules (or the rules of any other primary securities exchange on which the Company's securities are listed) shall apply, subject, in each case, to applicable exceptions thereto as provided from time to time. As of the time of the adoption of this Charter, the Company qualifies as a "foreign private issuer" under the SEC rules and NASDAQ rules.

## 3. MEMBERSHIP AND COMPOSITION

### 3.1

The Board, with the assistance of the Compensation and Nomination Committee (CNC) shall appoint a minimum of three independent non-executive directors.

**3.2**

In deliberating on the appointment of members, the Board shall give due consideration to the required skill and experience of the independent non-executive directors required to fulfil the functions and the mandate of the ARC.

**3.3**

The members shall appoint a chairman of the ARC.

**3.4**

The independence of the members is determined by the Board, through the assistance of the CNC in terms of the provisions of the Singapore Code of Corporate Governance, as well as the Exchange Act Rule 10A-3 criteria and the applicable NASDAQ rules, subject in each case, to applicable exceptions thereto as provided from time to time.

**3.5**

All members must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

**3.6**

At least one member of the ARC must have had past employment in finance or accounting, professional certification in accounting or other comparable experience or background, including financial oversight responsibilities, resulting in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

**3.7**

At least one member of the ARC shall be an "audit committee financial expert" within the definition adopted by the SEC.

**4. SECRETARY**

**4.1**

The company secretary or his/her nominee shall act as the secretary of the ARC.

**4.2**

The secretary or his/her nominee shall take written minutes of all meetings of 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.

**4.3**

The secretary shall maintain a minute book and a register of all resolutions of the ARC.

**4.4**

The secretary shall ensure the initial induction and continual professional education of the members of the ARC.

**5. MANDATE AND RESPONSIBILITIES**

The ARC has the following responsibilities:

**5.1**

Overseeing annual audit and financial reporting

**5.1.1**

Meet with management, the External Auditor, and the Head of IA (if deemed necessary) in connection with each annual audit to discuss the scope and plan of the audit, the procedures to be followed, the staffing of the audit and any significant changes required in the originally planned audit program.

## **5.2**

Review and discuss with management, the External Auditor and, as applicable, the Head of IA:

### **5.2.1**

Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles or reporting practices.

### **5.2.2**

The adequacy and effectiveness of the Company's internal controls (including any significant deficiencies or material weaknesses) and management's report thereon and any attestation of the same by the External Auditors, changes in internal controls and the adequacy and effectiveness of the Company's disclosure controls and procedures.

### **5.2.3**

Any analyses prepared by management or the External Auditor setting forth significant financial reporting issues and significant judgments made in connection with the preparation of the Company's financial statements.

### **5.2.4**

The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statement.

## **5.3**

Monitor the integrity of the financial information provided by the company, and more specifically by reviewing the relevance and consistency of the applicable accounting standards used by the company and its group.

### **5.3.1**

Review and discuss the annual audited financial statements and the results of the annual audit with management and the External Auditor, including the Company's disclosures under "Operating and Financial Review and Prospects" to be included in the Company's annual report for each fiscal year subject to the audit, in each case, prior to recommending the audited financial statements and each annual report to the Board for approval.

### **5.3.2**

Review the assurance received from the chief executive officer (CEO) and the chief financial officer (CFO) regarding the financial records being properly maintained and the financial statements providing a true and fair reflection of the company's and the group's financial condition and results of operations.

### **5.3.3**

Report to the shareholders relating to the Company's performance for the financial year in accordance with the provisions of this Charter in the company's annual report.

### **5.3.4**

Discuss with management and the External Auditor the Company's earnings press releases (with particular focus on any "pro forma" or "adjusted" non-GAAP financial information), as well as financial information and earnings guidance contained in press releases or provided to analysts and ratings agencies. The ARC's discussion in this regard may be general in nature (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each earnings release or each instance in which the Company may provide earnings guidance.

#### **5.4**

Overseeing quarterly financial reporting, as may be applicable

##### **5.4.1**

Review and discuss the quarterly financial statements with management and the External Auditor to be filed on Form 6-K with the SEC, as well as any other quarterly reports required by any other regulator or securities exchange.

##### **5.4.2**

Monitor the integrity of the financial information provided by the Company, and more specifically by reviewing the relevance and consistency of the applicable accounting standards used by the company and its group.

##### **5.4.3**

Review the assurance received from the CEO and the CFO regarding the financial records being properly maintained and the financial statements providing a true and fair reflection of the Company's and the group's financial condition and results of operations.

#### **5.5**

Overseeing risk management and internal controls (in relation to financial, operational, compliance and information technology controls)

##### **5.5.1**

Review and discuss with management the company's levels of risk tolerance and risk framework and policies, and oversee the design, implementation and monitoring of the risk management and internal control systems.

##### **5.5.2**

Review the nature and extent of the risks which the company is willing to take to achieve its strategic objectives on a regular basis.

##### **5.5.3**

Review, at least annually, the adequacy and effectiveness of the risk management and internal control systems with specific reference to financial, operational, compliance and information technology controls. Such internal controls may be developed in line with a combined assurance model.

##### **5.5.4**

Review the assurance provided by the CEO and the CFO regarding the effectiveness of the company's risk management and internal controls.

##### **5.5.5**

Prepare the ARC report regarding the adequacy and effectiveness of risk management and internal control systems to the Board.

##### **5.5.6**

Review for approval by the Board disclosures in the Annual Report and other applicable financial filings relating to the adequacy and effectiveness of the risk management and internal control systems.

##### **5.5.7**

Review procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and procedures for the confidential submission by employees, and to the extent practicable other third parties, of concerns regarding questionable accounting or auditing matters, and improprieties, unethical or illegal conduct.

## 5.6

### Overseeing Internal Audit (IA)

#### 5.6.1

The ARC is responsible for the appointment, replacement or dismissal of the Head of IA.

#### 5.6.2

Monitor and assess the role and effectiveness of the IA function and all its responsibilities.

#### 5.6.3

Conduct an internal quality assurance review (QAR) of the IA function at least annually and an independent validation of the QAR at least once in every five years.

#### 5.6.4

Review and approve the annual IA plan.

#### 5.6.5

Monitor management's response to the findings and recommendations contained in the IA reports.

#### 5.6.6

Ensure unfettered and direct access by the Head of IA to the chairman of the ARC.

#### 5.6.7

Meet separately and privately with the Head of IA without the presence of management to discuss any matters or concerns, at least annually.

## 5.7

### Overseeing External Audit

#### 5.7.1

Be directly responsible for the appointment, compensation, retention, oversight and termination of any External Auditor engaged (including the resolution of disagreements between management and such firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

#### 5.7.2

Inform each External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company that such firm must report directly to the ARC.

#### 5.7.3

Be responsible for the recommendation to the Board, which will recommend to the shareholders in general meeting for the appointment re-appointment and discharge of the External Auditor.

#### 5.7.4

Pre-approve all auditing services and non-audit services (other than "prohibited non-audit services") to be provided to the Company by the External Audit (including the fees and terms thereof), subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act, which are approved by the ARC prior to the completion of the audit. The ARC may delegate authority to one or more independent members to grant pre-approvals of audit and permitted non-audit services; provided that any such pre-approvals shall be presented to the full ARC at its next scheduled meeting. Notwithstanding the foregoing, pre-approval is not necessary for minor non-audit services if: (A) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its External Auditor during the fiscal year in which the non-audit services are provided; (B) such services were not recognized by the Company at the time of the engagement to be non-audit services;

and (C) such services are promptly brought to the attention of the ARC and approved prior to the completion of the audit by the ARC or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

#### **5.7.5**

Oversee the relationship between the company and the External Auditor, including an annual review of their independence and objectivity.

In conducting its review:

##### **5.7.5.1**

The ARC shall obtain and review a report prepared by the External Auditor describing (A) the auditing firm's internal quality-control procedures and (B) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues.

##### **5.7.5.2**

Ensure that the External Auditor prepare and deliver at least annually, a written statement delineating all relationships between the External Auditor and the Company, consistent with Independence Standards Board Standard 1. The ARC shall actively engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that, in the view of the ARC, may impact the objectivity and independence of the External Auditor. If the ARC determines that further inquiry is advisable, the ARC shall take appropriate action in response to the External Auditor's report to satisfy itself of the auditor's independence.

#### **5.7.6**

Review and evaluate the lead audit partner of the External Auditor.

#### **5.7.7**

Ensure the rotation at least every five (5) years of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit, or as otherwise required by law, and consider whether there should be regular rotation of the External Auditor itself.

#### **5.7.8**

Review the performance of the External Auditor in accordance with the approved audit scope, mandate and approach.

#### **5.7.9**

Review the audit representation letter and the External Auditor's Management letter to determine whether it is based on a sound understanding of the company's business and monitor management's responsiveness to the recommendations made.

#### **5.7.10**

At least annually meet separately and privately with the External Auditor without the presence of management, to discuss any relevant matters, concerns, or problems or difficulties that the External Auditor may have encountered during the course of the audit or otherwise.

#### **5.7.11**

Set clear hiring policies for the Company's hiring of employees or former employees of the External Auditor. At a minimum, these policies must provide that any External Auditor may not provide audit services to the Company if the CEO, CFO, controller, chief accounting officer or any person serving in an equivalent capacity for the Company was employed by the External Auditor and participated in any capacity in the audit of the Company during the one-year period preceding the date of the initiation of the audit.

**5.7.12**

Discuss with the External Auditor its report to the ARC regarding: (A) all accounting policies and practices to be used that the External Auditor identifies as critical; (B) all alternative treatments within GAAP for policies and practices related to material items that have been discussed among management and the External Auditor, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the External Auditor; and (C) all other material written communications between the External Auditor and management of the Company, such as any management letter, management representation letter, reports on observations and recommendations on internal controls, External Auditor's engagement letter, External Auditor's independence letter, schedule of unadjusted audit differences and a listing of adjustments and reclassifications not recorded, if any.

**5.7.13**

Ensure unfettered and direct access by the External Auditor to the chairman of the ARC.

**5.7.14**

The ARC shall discuss with the External Auditor the matters required to be discussed by any other regulatory requirements relating to the conduct of the audit.

**5.8**

Overseeing the Tax policy and strategy

**5.8.1**

Review the company's tax policy and strategy, as well as its implementation.

**5.9**

Overseeing Legal and Other Compliance

**5.9.1**

Review the effectiveness of the legal and other compliance system, including the legal and other regulatory universe, its implementation and management's actions to address any instances of non-compliance.

**5.9.2**

Review and approve the annual legal and other compliance work plan.

**5.9.3**

Monitor management's implementation and progress against such annual work plans.

**5.9.4**

Obtain from the External Auditor assurance that they have not detected or otherwise become aware of information indicating that an illegal act (whether or not perceived to have a material effect on the financial statements of the Company) has or may have occurred, and that Section 10A (b) of the Exchange Act, which addresses required responses to audit discoveries of illegal acts, has not been violated.

**5.9.5**

Discuss with the Company's General Counsel or outside counsel any legal matters brought to the ARC's attention that could reasonably be expected to have a material impact on the company's financial statements.

**5.10**

Overseeing related-party transactions

**5.10.1**

Review on an ongoing basis related party transactions to consider all potential conflicts of interest, and whether they are in line with normal commercial terms and are not prejudicial to the interests of the company or its minority shareholders.



**5.10.2**

Review methods or procedures for determining that the transaction prices are sufficient to ensure that the transactions will be carried out on normal commercial terms and not prejudicial to the company or its minority shareholders.

**5.10.3**

Receive and review reports from management and IA regarding related party transactions, including assurances from management and IA that the Company's foreign subsidiaries and foreign affiliated entities, if any, are in conformity with applicable legal requirements, including disclosure of affiliate party transactions.

**5.10.4**

Report to shareholders on related party transactions as per the requirements of the relevant mandatorily applicable regulations (including any NASDAQ Listing Standards) and any voluntarily-adopted frameworks.

**6. MEETING PROCEDURES**

**6.1**

The Chairman (or in his or her absence, a member designated by the Chairman, shall preside at each meeting of the ARC and set the agendas for the meetings.

**6.2**

The ARC shall meet at least twice per year and at appropriate times in the company's reporting and audit cycle and whenever else deemed necessary or desirable by the ARC.

**6.3**

Attendance at all meetings can occur either in person, by teleconference, videoconference or any other electronic manner, provided that all participants to the meeting are able to communicate effectively for the duration of the meeting.

**6.4**

The ARC may invite members of management, (such as the CEO, CFO, Head of Internal Audit) and the External Auditor to attend and participate in ARC meetings.

**6.5**

The CEO, CFO, Head of Internal Audit, External Auditor and other assurance providers, professional advisors and other Board members may attend the ARC meetings by invitation only and are not eligible to vote and do not constitute a quorum.

**6.6**

A quorum for a meeting of the ARC shall be two members present, either personally or via teleconference, video conference or by any other accepted electronic manner and no business shall be transacted at a meeting of the ARC unless the requisite quorum is present.

**6.7**

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 ARC duly convened, held and constituted.

**7. GENERAL**

**7.1**

The ARC shall on an annual basis:

**7.1.1**

Review its performance and the performance of each member in accordance with the provisions of this Charter and provide a report of the findings to the Board.

**7.1.2**

Review this Charter to ensure optimal effectiveness and to recommend any changes it considers necessary to the Board for approval.

**7.1.3**

Review and approve its Annual Work Plan.

**7.2**

The ARC is entitled and authorised, without obligation to obtain prior approval from the Board, to engage independent counsel, experts and other advisors (accounting, financial or otherwise) to the ARC, as it determines necessary in order to perform its obligations and meet its mandate in terms of this Charter. The ARC is authorised to approve such person's or entity's fees and other retention terms. The ARC may also utilize the services of the Company's regular legal counsel or other advisors to the Company.

**7.3**

The Company shall provide for appropriate funding, as determined by the ARC, for payment of compensation to the External Auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services, for payment of compensation to any counsel, experts or advisors employed by the ARC and for ordinary administrative expenses of the ARC that are necessary or appropriate in carrying out its duties.

**7.4**

The ARC shall establish procedures for the receipt, retention, investigation and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential and anonymous submission by employees regarding questionable accounting or auditing matters and other improprieties, unethical or illegal conduct.