

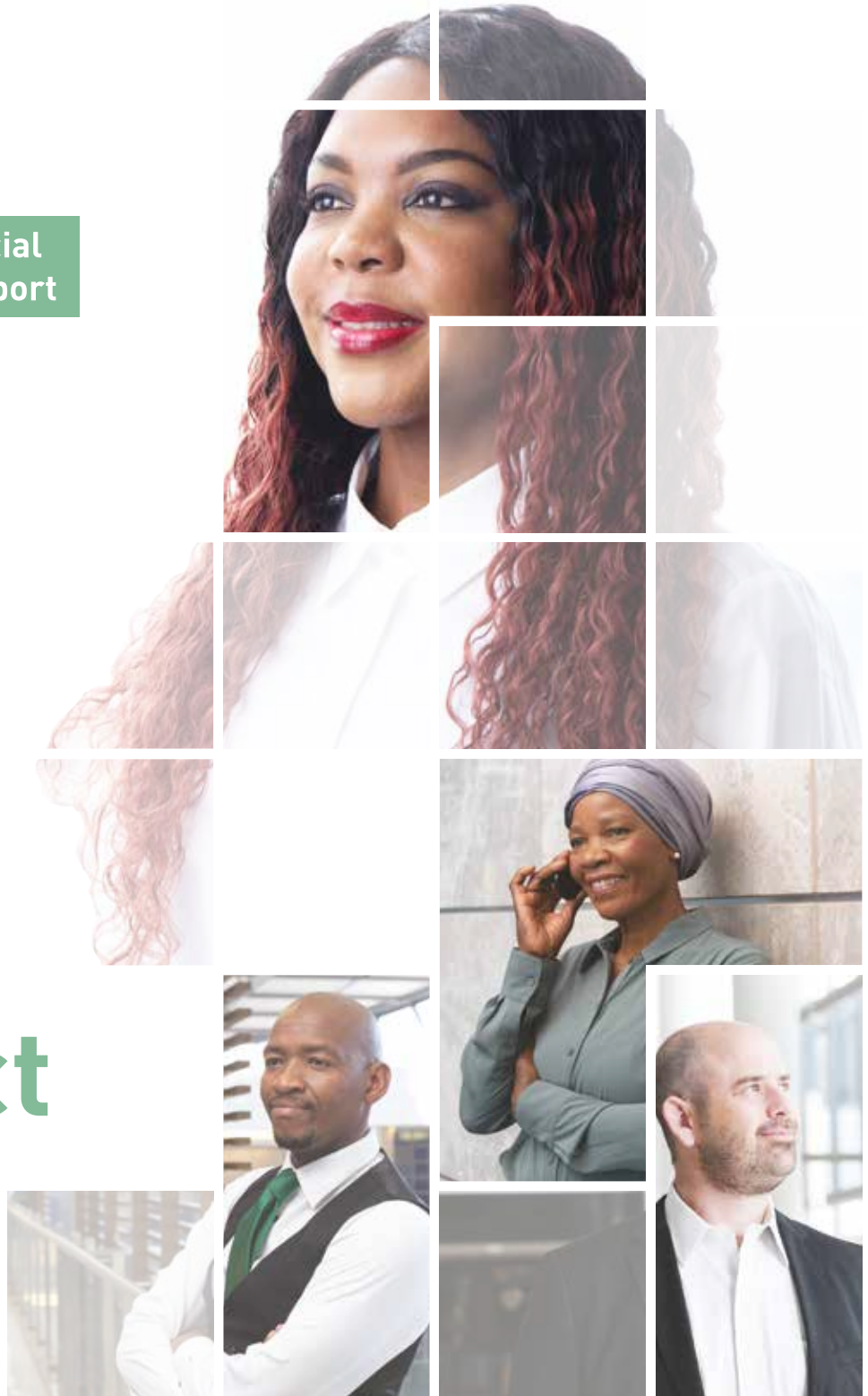
2019

Environmental, social
and governance report

PURPOSE IN ACTION

Creating spaces to...

protect



We're not landlords. We're people.

Navigate our report

Throughout our reporting suite, the following icons are used to show the connectivity between sections:

Capitals

FC

Financial capital

MC

Manufactured capital

HC

Human capital

SRC

Social and relationship capital

IC

Intellectual capital

NC

Natural capital

Strategic matters

GR

Grow reputation

IS

Invest strategically

OC

Optimise capital

OE


Operate efficiently


ET

Engage talent

Materiality themes

Uncertain geopolitical and socio-economic growth factors

Disruptive technologies reshaping traditional business models

Evolving role of business in creating a prosperous and sustainable society

Heightened demands on governance and regulatory context

Guide to our report

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About Redefine

Redefine Properties Limited (Redefine) is a leading South African-based Real Estate Investment Trust (REIT), with the primary goal of growing and improving cash flow to deliver quality earnings, which will underpin growth in distributions and sustained value creation for all stakeholders.



We are listed on the Johannesburg Stock Exchange (JSE) and are included in the

JSE Top 40 Index



We actively manage a diversified property asset platform with a **value of R95.4 billion** comprising local and international property assets



Our shares are among the **most actively traded on the JSE**, making them a highly liquid, single-entry point for gaining exposure to quality domestic properties and multiple international real estate markets



We differentiate ourselves by placing **people at the heart of what we do**

Our reporting suite

We are committed to report openly and honestly to our broad range of stakeholders. To view the full suite, please visit our website, www.redefine.co.za



IR Integrated report

Our **integrated report** is the primary report to our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value creation story.



ESG Environmental, social and governance report

Our **environmental, social and governance report** is a detailed account of the group's holistic performance for the year, covering environmental, social and governance elements. The report also includes the **remuneration report**, as well as the social, ethics and transformation committee report.



AFS Group annual financial statements

The **group annual financial statements** provide a comprehensive report of the group's financial performance for the year.



AGM Notice of annual general meeting

The **notice of annual general meeting** provides supporting information for shareholders to participate in the AGM.



Our reporting suite is in compliance with:

	The International Integrated Reporting <IR> Framework
	The Companies Act, No 71 of 2008, as amended (Companies Act)
	The JSE Limited Listings Requirements
	King IV Report on Corporate Governance for South Africa 2016 (King IV)
	International Financial Reporting Standards (IFRS)

Feedback

Your feedback is important to us and we welcome your input to enhance the quality of our reporting. Please visit www.redefine.co.za or email investorenquiries@redefine.co.za

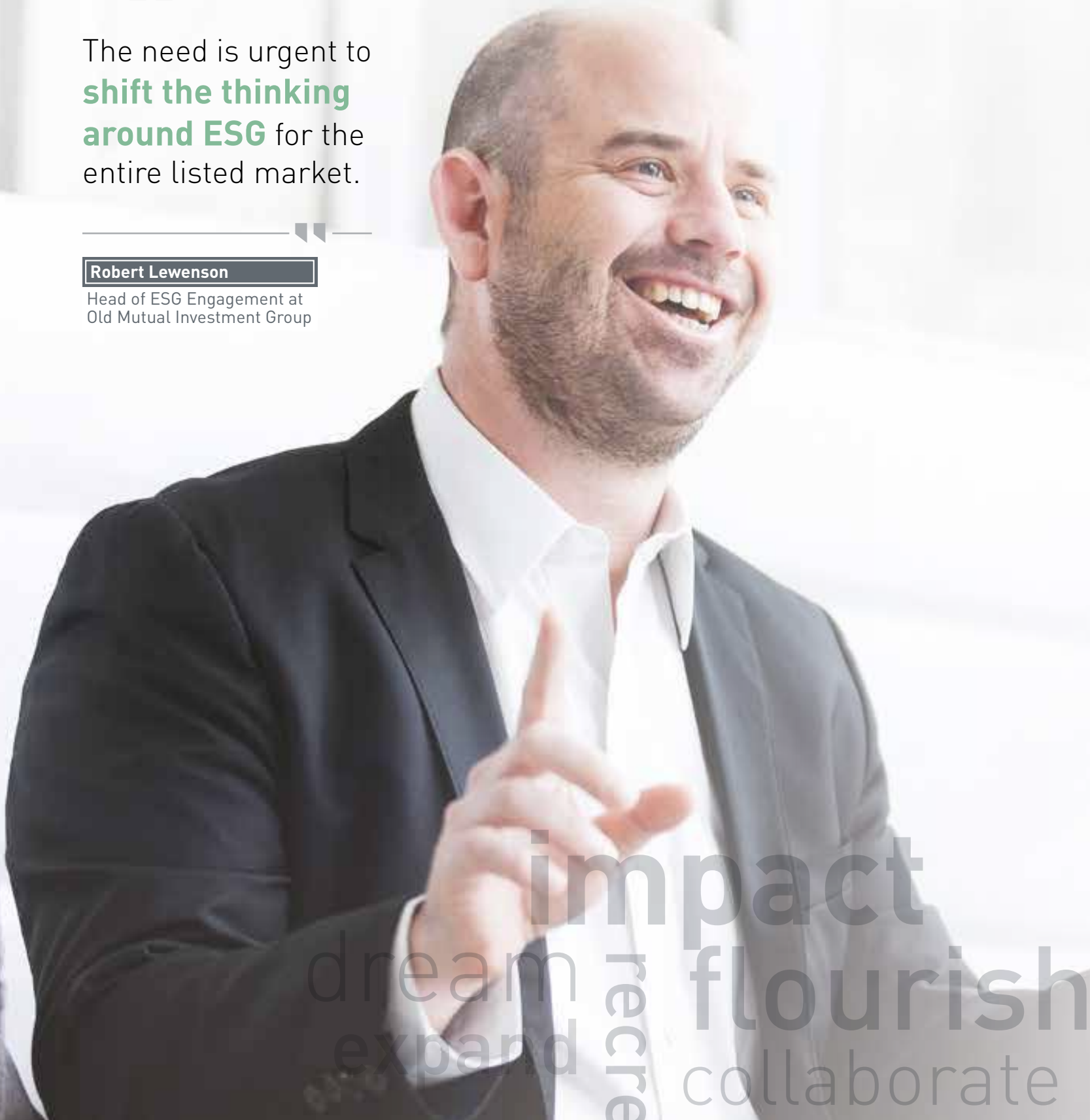
innovate **enterprise**
operate create **lead**
build grow



The need is urgent to **shift the thinking around ESG** for the entire listed market.



Robert Lewenson
Head of ESG Engagement at
Old Mutual Investment Group



impact
dream flourish
expand collaborate
recreate

Overview

Creating spaces to... **impact**

South Africa is faced with a unique set of challenges, including extreme poverty, lacklustre economic growth and increasing environmental strain, exacerbated by poor infrastructure investment and planning. While these challenges present significant business risks for every sector of the economy, at Redefine, we choose to find opportunity among the challenges. We have shaped our business approach to ensure we actively contribute towards a more sustainable operating environment for all our stakeholders by embedding environmental, social and governance (ESG) factors into every aspect of our business.

We recently had the opportunity to speak with Robert Lewenson, Head of ESG Engagement at Old Mutual Investment Group, on what's happening in the ESG investment sphere and what makes Redefine's approach to ESG unique.

"Financial markets are being re-gearred towards the green economy with a focus on investments that support a low-carbon, resource-efficient and socially inclusive economy. In our current context, the need is urgent to shift the thinking around ESG for the entire listed market."

From a real estate perspective, Robert pointed out that huge strides have been made in the REIT space, with a growing awareness of the ability to achieve long-term profitability by investing in sustainable assets, greening of physical assets and increasing awareness of the need to engage proactively with stakeholders.

"In the REIT sector, Redefine has shown great efforts in the integration of ESG into their investment decision-making processes, and how they engage with stakeholders around ESG. Communication with the market shows their level of integrated thinking and deep consideration of these factors in terms of the future sustainability of their business."

While we're encouraged by this assessment, as Robert pointed out too – the REIT space is increasingly competitive and there is no room for complacency or a belief that 'we have arrived'. Our approach to sustainability, however, is more than pure compliance or being socially and environmentally responsible. We are intent on creating sustained value for all our stakeholders, which is supported by a comprehensive implementation plan that outlines priorities, risks, opportunities, targets and action plans. Yet, we understand that there is still more to be done.

We are in full agreement with Robert's assertion that "those companies that will be part of the future – that will win in the future – will be those who deeply consider ESG in terms of their material risks, and, when looking at their opportunity horizon, to unlock value that may not have been there before."













We value the partnership and guidance from such like-minded thinkers as we seek to forge a better future, **together**.

impact, verb
'have a strong effect on someone or something'






ESG highlights

In the highly dynamic environment in which we operate, we understand that, in order to be competitive, we need to create sustained value for all our stakeholders. We believe this means looking beyond short-term returns, integrating long-term ESG factors into our everyday business.

Environmental	Social	Governance
<div><p>Carbon emissions savings from our solar installations for the year equate to taking approximately 7 340 passenger cars off the road</p></div> <div><p>Expanded external waste management to 30% of GLA as part of our Green Star SA certifications (2018: 24%)</p></div> <div><p>Continue to install various technologies such as online monitoring and leak detection, smart shutoff valves and sensors in bathrooms to reduce water consumption</p></div> <div><p>74 Green Star SA certifications (2018: 44)</p></div>	<div><p>Certified as a Top Employer for 2019 for the fifth consecutive year</p></div> <div><p>Employee engagement score of 87%, outperforming the international benchmark</p></div> <div><p>Centurion Mall and Kyalami Corner won gold at the Footprint Marketing Awards 2019 and Redefine won the International Council of Shopping Centres Solal award for the Innovation Challenge</p></div> <div><p>233 stakeholders engaged with the second Challenge Convention at Maponya Mall</p></div>	<div><p>Improved board independence 100% of non-executive directors independent, 55% of board is female</p></div> <div><p>3rd in EY Excellence in Integrated Reporting Awards 2019</p></div> <div><p>Focus on embedding IT governance standards and aligning IT services with current and future business needs</p></div> <div><p>Independent non-executive chairman appointed</p></div>

At Redefine, our purpose is to create and manage spaces in a way that changes lives. Our approach to ESG feeds into this purpose and we are proud of the progress we've made in 2019. We remain focused on consistently improving how we manage our ESG considerations, as well as the manner in which we report on our progress. Refer to the ESG scorecard self-assessment on **pages 122-135** for a summary of our progress.

ESG focus areas

<div><h2>Environmental</h2></div> <p>The greatest threat to our planet is the belief that someone else will save it. Therefore, we identified specific environmental sustainability priorities that require our focus, including:</p> <ul style="list-style-type: none">Continuous investment in long-term renewable energy solutions and water-efficiency projectsPursuing Green Star SA certifications to validate overall environmental performance of our propertiesEnsuring effective facilities and utilities managementImproving waste management efforts to reduce waste-to-landfill from buildingsOngoing rollout of smart electricity and water metersUnderstanding how our business impacts on the environment (carbon footprint)Awareness and response to external environmental challengesRaising environmental awareness with our stakeholders	<div><h2>Social</h2></div> <p>By placing purpose at the heart of our strategy, we connect stakeholder needs to social impacts. We continue to focus on the following:</p> <ul style="list-style-type: none">Continually striving to improve our compliance with BBBEE requirementsSupporting the principles of diversity and practising equality of opportunity among all of our employeesSupporting youth employment, skills development and transformation through learnership and other programmesPromoting mentorship within Redefine and encouraging fellow corporates to participate in driving this intervention externallyEngaging with our communities to understand and manage their expectations and needs and to co-create solutions, ensuring meaningful impactDeveloping sophisticated policies and procedures to effectively manage relationships with our brokers and suppliers	<div><h2>Governance</h2></div> <p>Our board of directors ethically and effectively leads the company through the execution of the following roles and responsibilities:</p> <ul style="list-style-type: none">Steers and sets strategic directionApproves policy and planningOversees and monitors implementation of strategyEnsures accountability <p>in order to ensure that the company realises the benefits of an ethical culture, good performance, effective control and legitimacy</p> <p>Refer to our IR for priorities and outcomes in each capital.</p> <p>We continue to adjust, manage and measure our performance with reference to the principles set out in King IV, as well as the requirements of the Companies Act.</p> <p>Refer to our website, www.redefine.co.za, for our King IV application register.</p>
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 **Black River Office Park, Observatory**

Achieving our higher purpose

We truly believe that in order to create sustained value for all our stakeholders, we must do it from a place of purpose.

Our purpose is to create and manage spaces in a way that changes lives.

To achieve this purpose, we have sought to incorporate a broader agenda into our strategic thinking. In fact, a growing body of research has made it clear that the issues addressed by the 17 Sustainable Development Goals (SDGs) are of critical importance to sustainable growth, now and in the future. In fact, the research suggests that failure to address the goals will result in growing social and economic instability across the globe, while efforts to achieve them will be a key driver of economic growth.

To ensure an authentic and integrated approach to incorporating the SDGs into our strategic thinking, we mapped our material matters to the SDGs, with a focus on determining which goals provided the greatest potential for impact and where the greatest opportunity lay for our business in pursuing these goals. We identified the four SDGs to which we can contribute the most, and on which we have the most impact, and used these to craft our long-term strategy, which will also inform our short- to medium-term strategy.

Our four SDGs to which we believe we can contribute the most



The goals we have committed to have been internalised as one commitment:

Our vision for 2030
Create sustainable spaces that **empower people**

These goals stretch us to think beyond the conventional timeframes, providing a sense of future direction that will drive us forward in achieving our higher purpose.

Furthermore, we aim to set targets for our contributions towards the SDGs and have created a framework of **six indicators** to guide our actions. We are in the process of developing these into measurable targets as part of our value creation journey.

- 1**

Developing future tenants

To develop skills and provide other opportunities for future business owners who may become tenants requiring space
- 2**

Building skills capacity

To create a pipeline of future-proof skills across the demographic spectrum
- 3**

Integrating business innovation

To identify and implement innovative solutions that streamline business processes and create partnerships to generate innovative offerings and achieve business goals
- 4**

Enhancing experiences

To identify new ways to improve customer (i.e. tenant and shopper) experiences throughout the portfolio
- 5**

Embracing community focus

To address community concerns and challenges, but also identify opportunities for partnerships and collaboration
- 6**

Minimising environmental impact

To minimise our impact on scarce natural resources, as well as educate our stakeholders to minimise their impact on the environment

Benchmarking our progress against our claims

We benchmark our performance against our peers, both national and international, to inform our strategy in order to adopt international sustainability best practices across our organisation.

Dow Jones Sustainability Index (DJSI)/ SAM Corporate Sustainability Assessment

The DJSI tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria through the use of the SAM Corporate Sustainability Assessment.

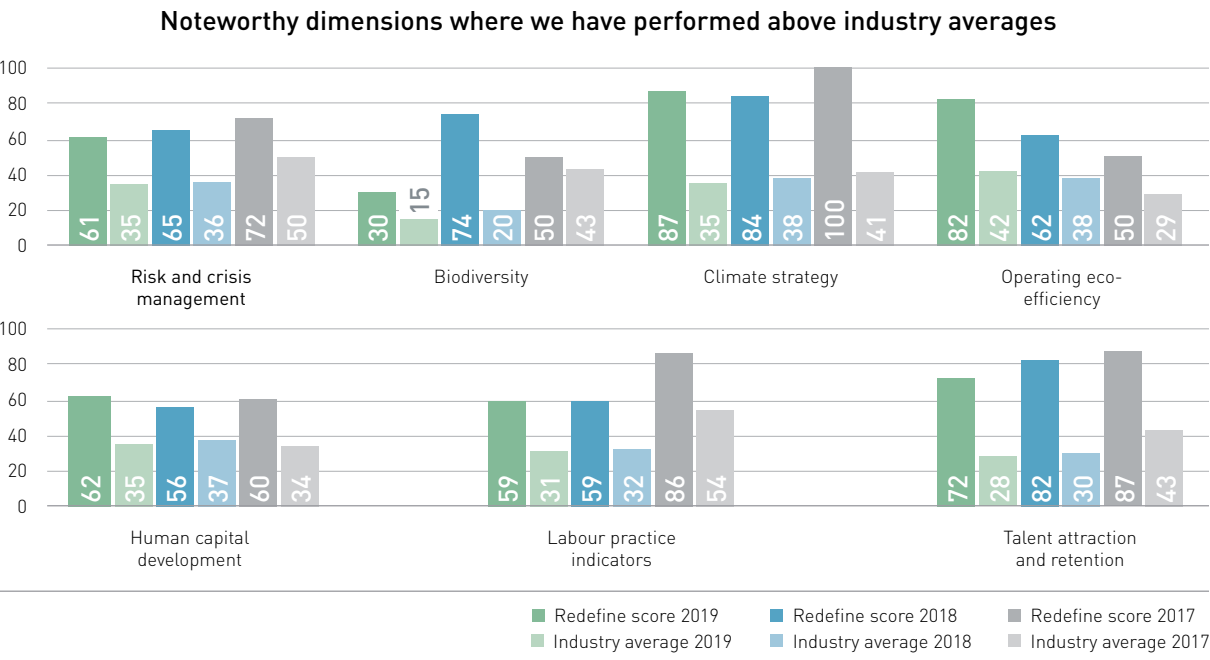
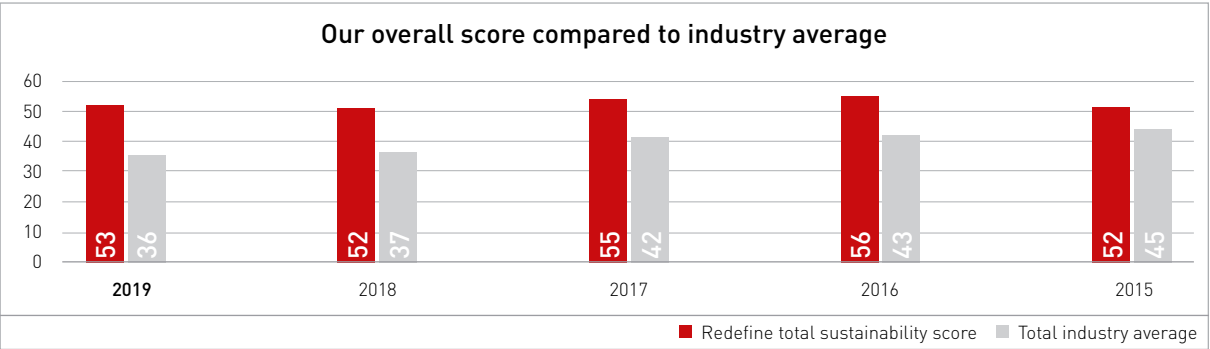
Redefine was once again selected as an index component of the DJSI, for the sixth consecutive year. We are proud to be recognised for our corporate sustainability efforts in the real estate industry.

In an environment where effective climate change management and energy efficiency is critical to the sustainability of a business, we are continually striving to improve our buildings. The demand for office and industrial green buildings continues

to increase, and we consistently pursue Green Star SA certifications for existing buildings.

In addition to environmental issues, social responsibility and social integration are gaining importance in our industry. In the current volatile economic environment, community engagement and investments in areas surrounding properties are receiving increased attention to maintain asset values, and for us to remain the preferred provider of space for tenants.

In 2019, we achieved a total sustainability score of 53, which is marginally higher than our total sustainability score in 2018 of 52. However, the industry average decreased from 37 in 2018 to 36 in 2019.



We continue to use our scorecard as a means to identify targeted areas for improvement.

Benchmarking our progress against our claims

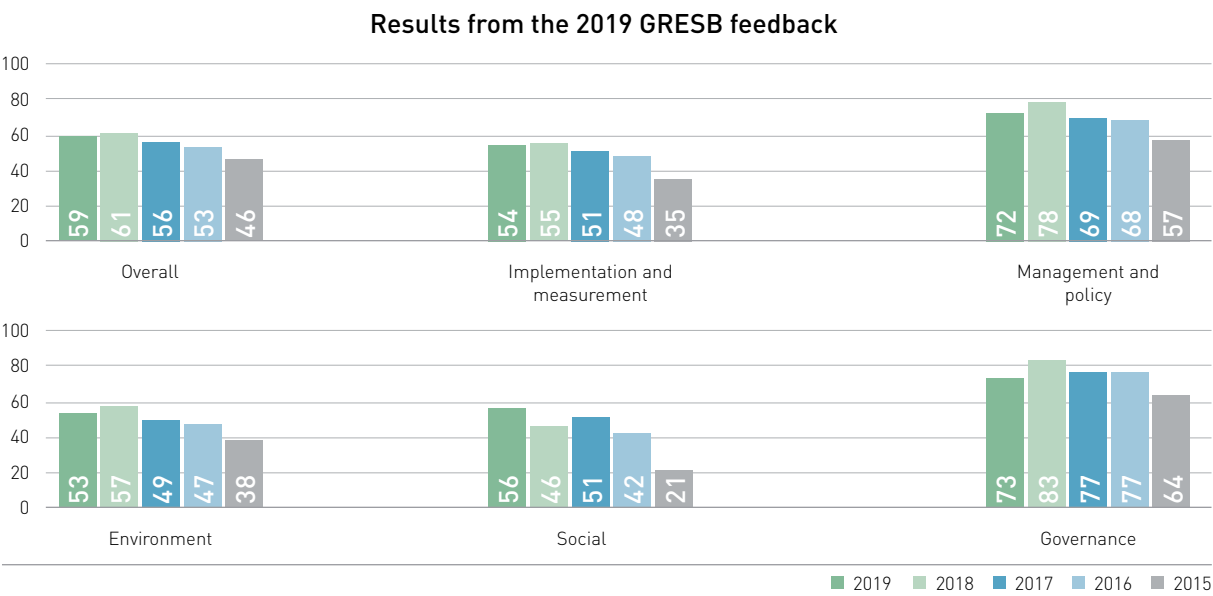
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Global Real Estate Sustainability Benchmark (GRESB)

GRESB is an industry-driven organisation that assesses the ESG performance of real estate assets globally, including real estate portfolios and infrastructure assets. More than 250 members, of which approximately 60 are pension funds and their fiduciaries, use the GRESB data in their investment management and engagement process, with a clear goal to optimise the risk/return profile of their investments.

By participating in GRESB’s annual assessments, companies and funds are able to better manage portfolios, funds and assets in the face of more volatile energy prices, stricter legislation to combat climate change, increased energy-efficiency requirements and changing the preferences of corporate tenants.

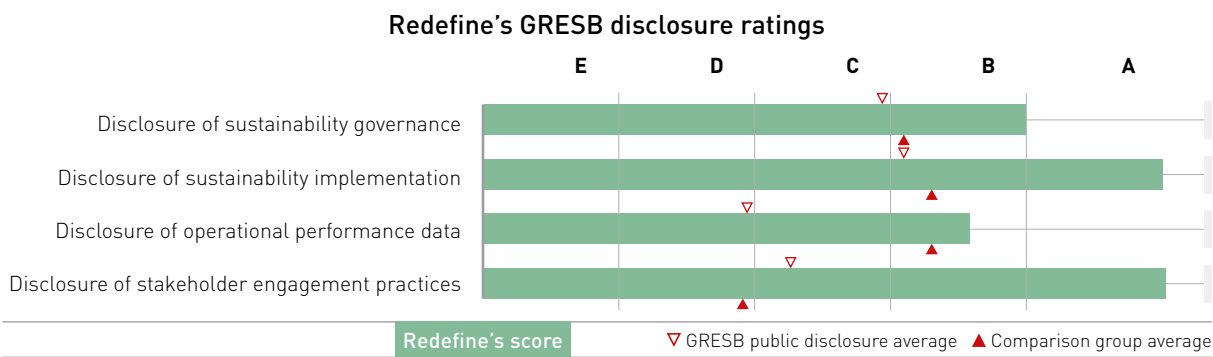
Benchmark results provide member companies with the opportunity to identify areas for improved sustainability performance, both in absolute terms and relative to industry peers.



Our 2019 performance was slightly lower than our 2018 results.

In addition to providing a performance score, GRESB also measures the level of disclosure by listed property companies and REITs against 22 indicators aligned with the GRESB Assessment. These disclosure levels are expressed through a rating scale from A (most transparent) to E (least transparent).

In 2019, Redefine’s public disclosure level was rated as an A (2018: A), while the global average is rated as a C, and the comparison group average a B. Redefine’s disclosure performance per disclosure topic is also above GRESB public disclosure averages and its comparator group average, and is included below for ease of reference.



FTSE4Good Emerging Index

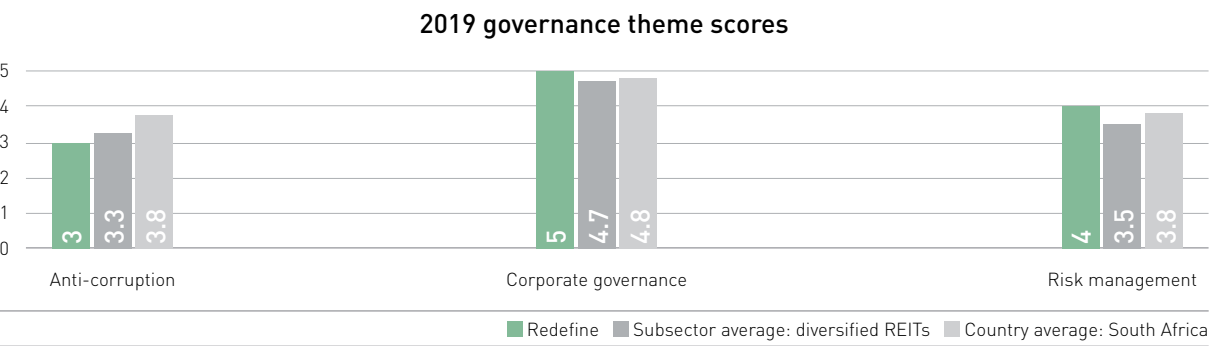
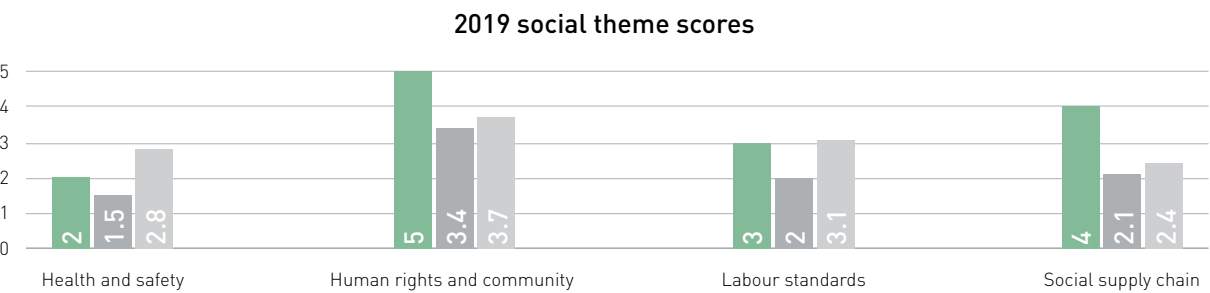
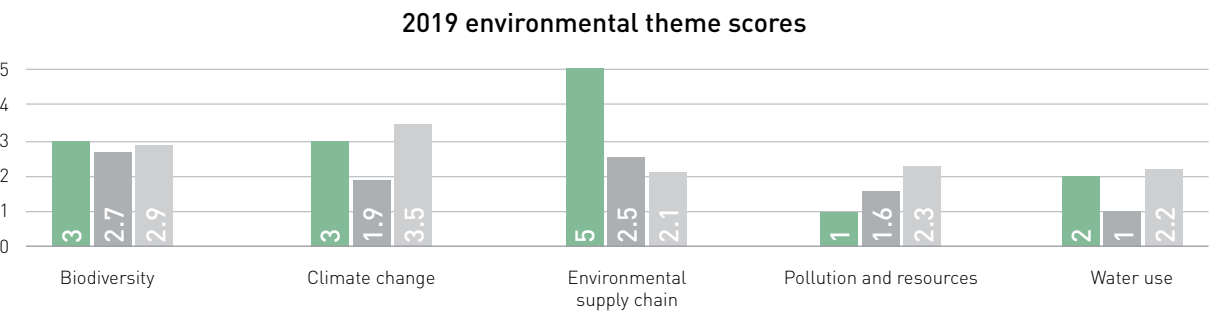
The FTSE4Good Emerging Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE ESG ratings are used as the core basis to determine the constituents of the FTSE4Good Emerging Index. Each company in the research universe is given a FTSE ESG rating ranging from zero to five, with five being the highest rating.

In 2019, Redefine has been included for the fourth consecutive year in the FTSE4Good Emerging Index Review.

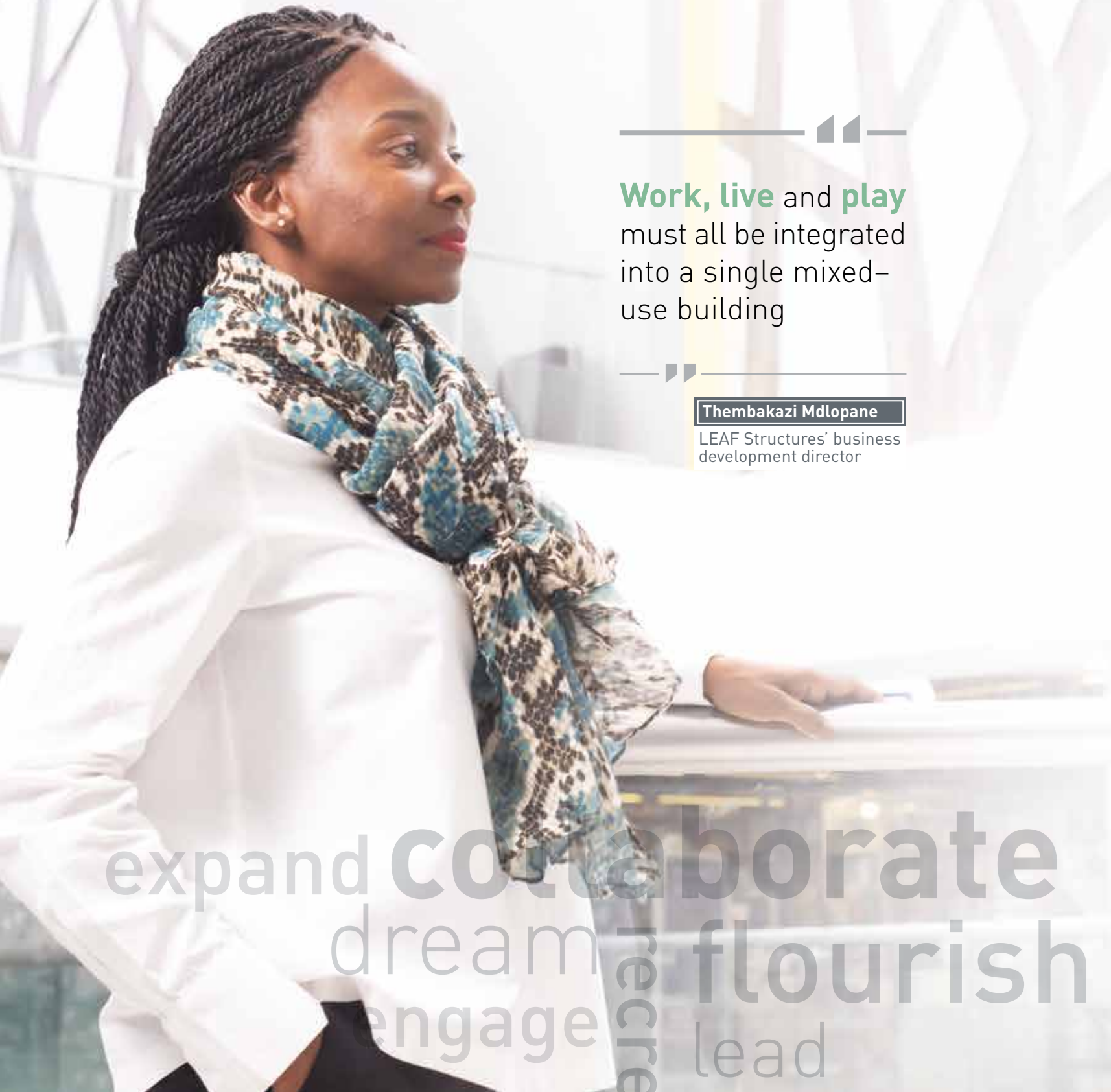
The criteria are based only on publicly available data and, in assessing ESG practices, the FTSE does not accept data or information privately provided by companies. This improves the credibility of data and enhances transparency across the market.

Redefine’s FTSE4Good Emerging Index score	2019	2018	2017
ESG overall score	3.3	3.2	2.5
Environment score	2.3	2.8	2.2
Social score	3.2	2.9	1.9
Governance score	4	4.0	2.6

Our 2019 performance confirms steady progress year on year and has improved compared to our 2018 results.



enterprise **impact**
operate create **innovate**
build grow



“
Work, live and **play**
must all be integrated
into a single mixed-
use building

Thembakazi Mdlopane
LEAF Structures’ business
development director

expand **collaborate**
dream **flourish**
engage **recreate**
lead

Our environmental landscape

Creating spaces to... collaborate

Sustainable design has become integral for the longevity of buildings. In South Africa, this trend is growing, with architects and engineers focusing on using alternative materials, design concepts and uses to offset the pressure on precious natural capital. In fact, implementing green building practices, even in redevelopment, aligns companies with the bigger picture of climate change mitigation.

The team at LEAF Structures understand this well and have been key partners in the recent redevelopment of Benmore Gardens, offering a custom-engineered, design-build solution that provided significant uplift, while contributing positively to the environmental sustainability of the building.

Indeed, Andrew Spottiswoode, managing director of LEAF Structures, is passionate about the cohabitation of the natural and built environment. “When we start incorporating nature into buildings, focusing on design principles that respect nature, as well as the human beings that occupy them – these are the buildings that people want to be in, the ones that can boast both popularity and longevity.”

Thembakazi Mdlopane, LEAF Structures’ business development director, agrees that this is the direction that professionals who work in developing the built environment must pursue to address the evolving way people use real estate. “Buildings now show higher levels of integration, with the boundaries between work and leisure increasingly blurred. Work, live and play must all be integrated into a single, mixed-use building. Moreover, people are also choosing to work, shop and spend time in places that have a positive impact on their wellbeing, and are increasingly interested in its impact on the environment too.”

Meeting these requirements when looking at redeveloping an existing building is no easy feat. Focusing on the potential big wins on specific elements of the building is often the way forward. And this is exactly what the LEAF Structures team, in collaboration with many other like-minded professionals – including our Redefine team – provided in their work on Benmore Gardens, where they went about breathing fresh life into the existing structure through the use of innovate cladding materials.

Through extensive engagement, the team decided on using Ethylene Tetra Fluoro Ethylene (ETFE) as the cladding material. Alongside its low weight, the major benefit of ETFE is its high translucency, transmitting up to 95% of light. The longevity of the material is, however, unaffected by UV light, as well as atmospheric pollution and other forms of environmental weathering, making it an extremely durable material.

ETFE also scores well on the eco-friendly front, being 100% recyclable, and requiring minimal energy for transportation and installation means that it makes a significant contribution to the move towards green construction and sustainability.

The end results speak for themselves.



Benmore Centre, Sandton, before and after retrofit

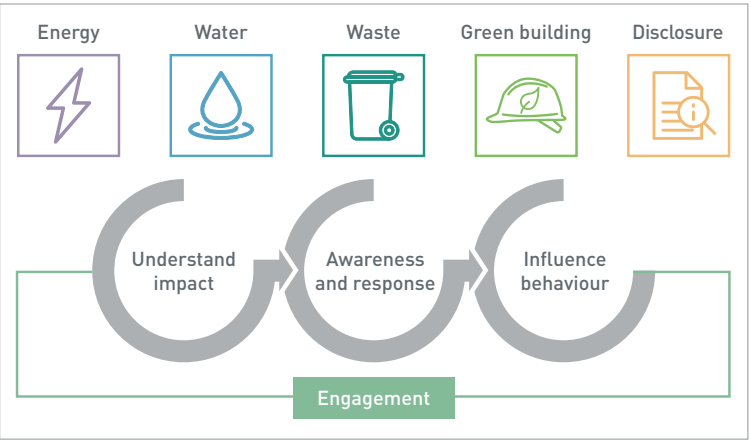
collaborate, verb ‘work jointly on an activity or project’

Understanding how our business impacts the environment

Meticulous measurement of our impact on the natural environment empowers Redefine to take definitive action in areas that require improvement. It also enables us to become advocates for responsible environmental stewardship in those areas where we excel. We use widely adopted measures to communicate our environmental performance to our stakeholders and to provide comparability and context. This also ensures that we remain relevant in the context of global environmental protection efforts.

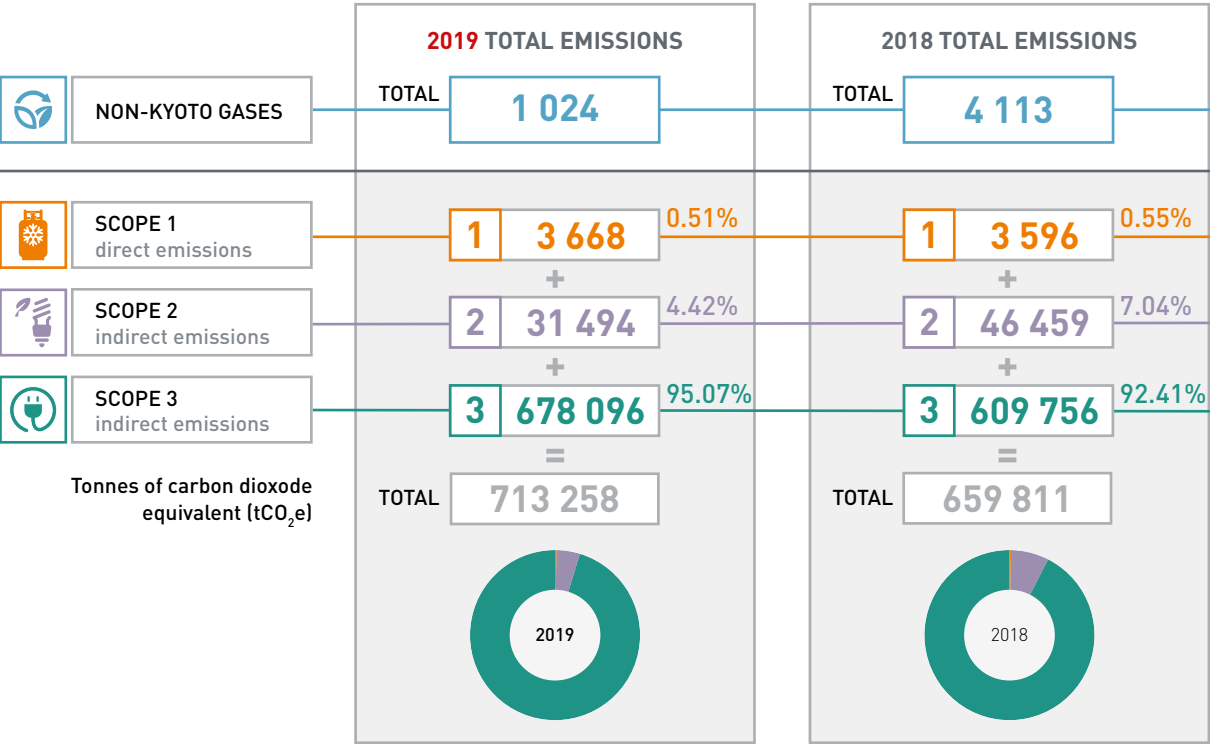
Effective environmental stewardship is a collective responsibility. Redefine upholds the principles of transparency, accountability and sustainability in our approach to caring for the natural resources under our care.

Our key environmental focus areas include **energy, water, waste, green building and disclosure**. In each of these focus areas, we primarily aim to understand our impact, followed by creating awareness both within the organisation and externally among our tenant base. Through these efforts, we consistently seek to influence the right behaviours that drive positive change.



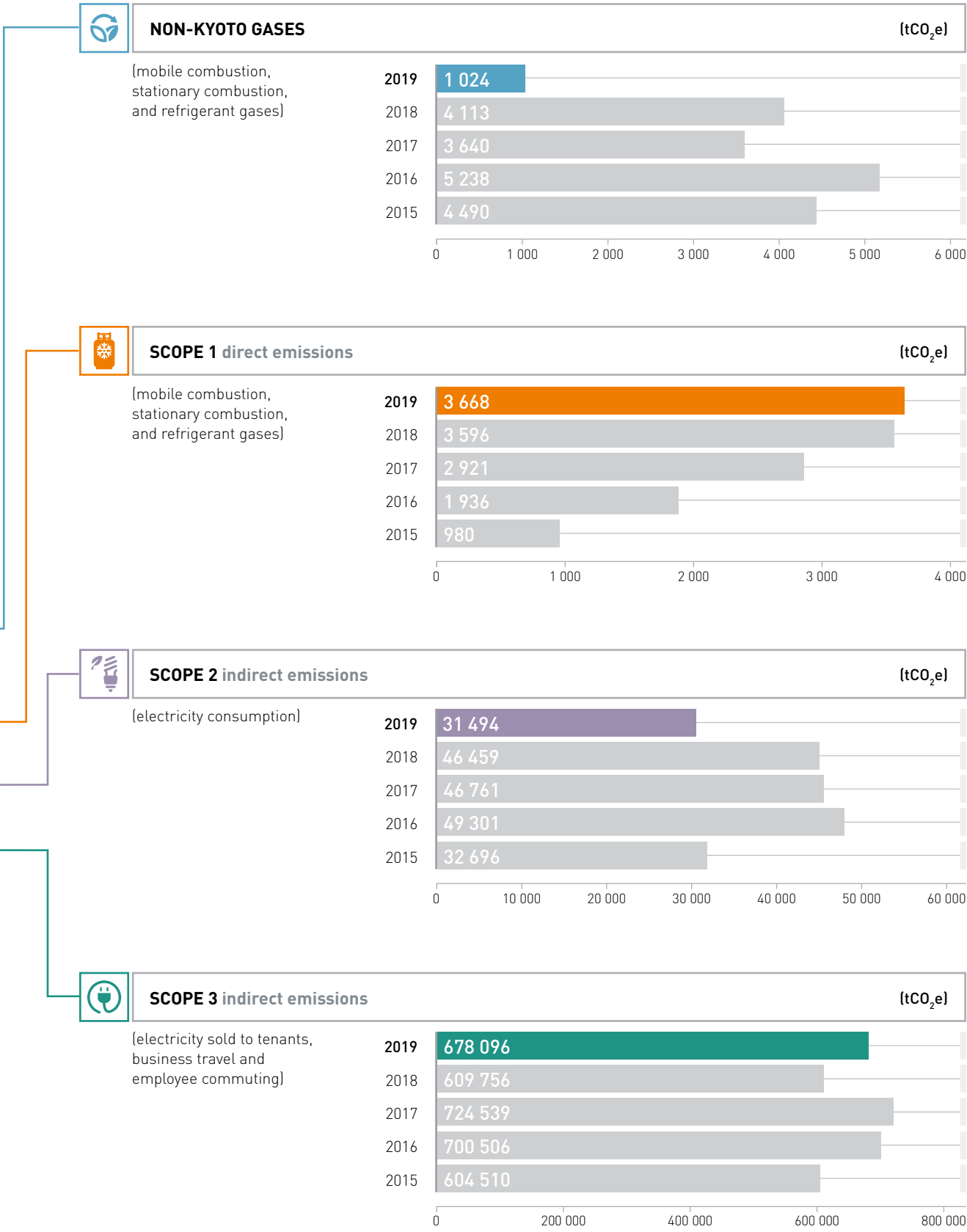
Carbon footprint

Our annual carbon footprint follows the Greenhouse Gas Protocol (GHGP), which includes emissions from operations that are under our direct operational control. Our Greenhouse Gas (GHG) inventory was developed in accordance with the GHGP Corporate Accounting and Reporting Standard, and we apply the ISO 14064-3 International Standard for GHG verification.



Our 2018 carbon footprint assessment was independently verified at a limited level of assurance about the above GHG assertions regarding:

- Conformance with the general requirements of the GHGP Corporate Accounting Standard
- Completeness and accuracy of the calculated emissions for the 2018 financial year



Understanding how our business impacts the environment continued

Our 2019 carbon footprint assessment was conducted following the operational control approach where emissions are accounted for from operations which are under our direct control.

Electricity is a major contributing factor to our overall carbon footprint. For grid-supplied electricity, we use the Eskom emission factor to calculate a carbon dioxide equivalent. In 2019, the Eskom emission factor increased to 1.04 kgCO₂e/kWh from 0.95 kgCO₂e/kWh in 2018. This 9.5% increase directly impacts our carbon footprint, diminishing carbon savings achieved as a result of efficiency initiatives during 2019.

Our overall carbon footprint increased by 8% from 2018 to 2019; however, would have reduced by 1% if applying the 2018 Eskom emissions factor. Our absolute electricity use decreased by 3%.

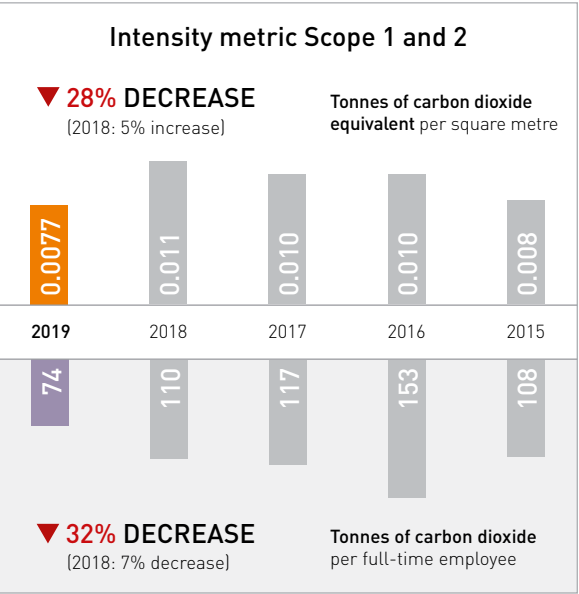
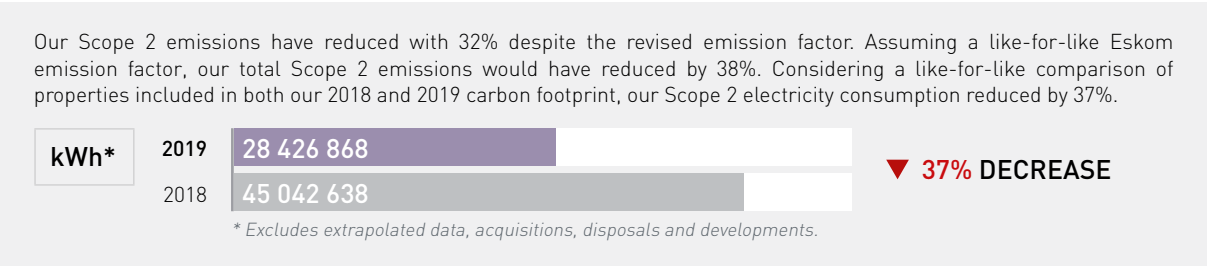
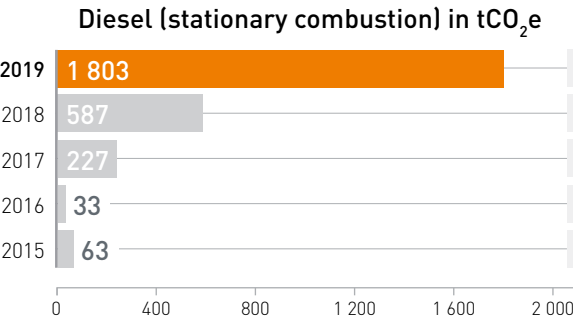
Our use of non-Kyoto gases reduced by 75%, which is as a result of our implemented refrigerant policy, but does not consider multi-year cyclical replacements.

Increasingly, Redefine is acknowledging the opportunity to play a more meaningful role in influencing the levels of our tenants' electricity consumption. By bridging the gap between reducing both our direct and indirect impacts, we can positively influence the company's overall environmental performance.

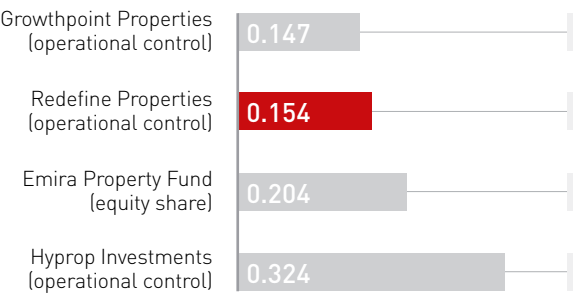
Electricity Absolute Kilowatt-Hour (kWh)



Our Scope 1 emissions increased by 2%; however, our emissions as a result of stationary combustion increased by 207%. This is a direct result of failing grid-supply infrastructure and loadshedding. Our diesel consumption from standby power generators increased from 218 278 litres in 2018 to 671 130 litres in 2019. A 38% reduction in fugitive emissions balances out the overall increase in Scope 1 emissions. We expect increased Scope 1 emissions during 2020 as a result of continuous power failures.



Benchmarking Scope 2 and Scope 3 (electricity per GLA)



Please note that the above benchmarks are not on a like-for-like basis as different entities have different reporting methodologies.

CDP climate change

The annual CDP disclosure results cycle has been amended and as such, going forward, our reporting will include results of our CDP disclosure score released in 2019 for our 2018 financial year.

Redefine received a disclosure score of B in 2018 (2017: B), which is in line with the performance of participating South African REITs.

We are also investigating the alignment of our approach with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This will involve understanding and integrating these recommendations into our business, and remaining relevant in our positioning and communication to investors. We will also incorporate regular climate-related scenario analyses and value chain engagement into our daily activities.

	Redefine	Attacq	Emira	Growthpoint	Hyprop
2018	B	Not responded	B	B	B
2017	B	B	B	B	A-

CDP – climate

2018: B (2017: B)

Future focus areas

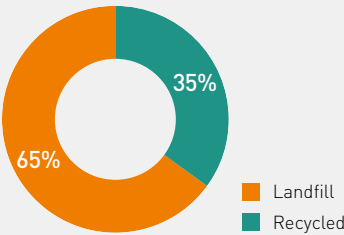
- Target-setting through Science Based Targets (SBT)
- Alignment with the TCFD recommendations
- Climate-related scenario analysis
- Value chain engagement

Waste

2019 marked the third comparative year in which Redefine assessed its waste footprint. We recycled 2 702 tonnes of waste (2018: 2 305 tonnes), which accounts for 35% of internally managed waste removal. Our efforts in recycling also significantly contribute to our Green Star SA certification journey, and during the year we increased external waste management to 30% of our total GLA (2018: 24%).

To improve our understanding of waste streams, we conducted waste stream audits at numerous office parks and implemented improved recycling measures with waste management service providers. Recycling efforts remain largely dependent on consumer behaviour, and highlighting the importance of awareness initiatives for our tenants and their customers is imperative.

Waste recycled



Water footprint

South Africa is increasingly becoming a water-scarce country. In addition to changing climate conditions, water resources are continuously under threat from pollution, compounded by ineffective water quality management. Responsible management of the water resources under our care is a crucial concern for Redefine, both from a moral and commercial perspective.

To ensure we manage water resources effectively, in 2020, Redefine will implement improved measures to account for all our water sources. This involves the verification of sources other than water withdrawal volumes, including water withdrawal quality, discharges, consumption and recycling. We will also incorporate additional water risk assessment tools.

CDP – water security

2019 marked Redefine's fourth submission of our annual water footprint.

We are proud to announce that we received a **B-** score in 2018 (2017: B), with just one other South African REIT participating in the 2018 CDP water disclosure index.

CDP – Water

2018: B- (2017: B)

Future focus areas

- Separate measurement and account for all water sources
- Alignment with the TCFD recommendations
- Water quality measurements must be undertaken annually at all buildings
- Water discharges have to be measured and not calculated as is commonly done
- Water recycling initiatives must be implemented and measured (i.e. waste water as a source)

2018 CDP water

- Hyprop – submitted (results not available)
- Growthpoint – not submitted
- Emira – not submitted
- Attacq – not submitted

Our green building journey

We continue to pursue certifications with the Green Building Council of South Africa (GBCSA) because we believe it adds value to our buildings and our business.



Net-zero – buildings of the future

Net-zero buildings are fast becoming an essential mechanism in real estate to address climate change. Net-zero buildings generate resources such as energy and water on-site or, in the case of waste, do not remove any generated waste from site. As part of the net-zero movement, C40 – a collection of cities who are committed to climate change action – have committed to ensuring that all new buildings in their respective cities will be net-zero carbon by 2030 and all existing buildings will become net-zero carbon by 2050.

Among these, four South African cities have joined the programme, namely Johannesburg, Cape Town, Tshwane and Durban.

To meet the commitments, the C40 cities declared to:

- establish a roadmap to reach net-zero carbon buildings
- develop a suite of supporting incentives and programmes
- report annually on progress towards meeting targets and evaluate the feasibility of reporting on emissions beyond operational carbon

In response, the GBCSA launched certification tools for net-zero carbon, net-zero water and net-zero waste buildings, which are currently most applicable to new developments and major retrofits. Redefine investigated the feasibility of converting existing buildings into net-zero carbon buildings. Some of the restrictions that we will need to overcome include:

	REGULATORY
<ul style="list-style-type: none">Embedded generation licensing restrictions must be reviewedWheeling arrangements and access to the electricity grid must be permitted to enable carbon offset schemesThe Integrated Resource Plan (IRP) must include an adequate allowance for small-scale renewable sources as part of the energy mix	
	TENANT BUY-IN
<ul style="list-style-type: none">Tenant fit-outs must be cognisant of resource efficiency and designed with on-site sources in mindLeasing frameworks must enable, guide and promote resource efficiency	

	TECHNOLOGY
<ul style="list-style-type: none">Technology advancements will drive the cost of technology and implementationIntegration and interoperability of technologies and systems must enable small-scale energy ecosystems to function optimallyPrecise equipment compliance requirements and standards must be set	
	FINANCIAL
<ul style="list-style-type: none">Investment metrics must consider the future relevance and long-term sustainability of carbon reduction projects, and not only immediate financial return	

Reaching net-zero carbon emissions

In striving for our goal to reach net-zero carbon emissions, we calculated preliminary estimations of the technical potential of our portfolio. Below, we illustrate the restrictions impacting our technical potential of reaching net-zero carbon emissions.

	REGULATORY		TENANT BUY-IN		TECHNOLOGY		FINANCIAL
<ul style="list-style-type: none">Embedded generation restrictions as per the Electricity Regulation ActUnclear guidelines stalling potential investment and developmentLack of wheeling opportunities		<ul style="list-style-type: none">At least 33% of necessary reduction is in the hands of tenantsProhibitive investment, especially considering lease periodUncertain economic and political outlook and lack of long-term investment vigour		<ul style="list-style-type: none">Lack of available space for on-site renewable energyTechnology efficiency limitations to get to net-zeroOverly complicated technology requiring more and higher skilled resources		<ul style="list-style-type: none">Estimated investment R10.3 billionR718 million savings in electricity cost annuallyPayback period of 14-16 years, often in excess of expected equipment lifespan	

Despite these challenges, we continue to explore ways to reduce our impact with the view to achieving net-zero carbon emissions.

The business case for green

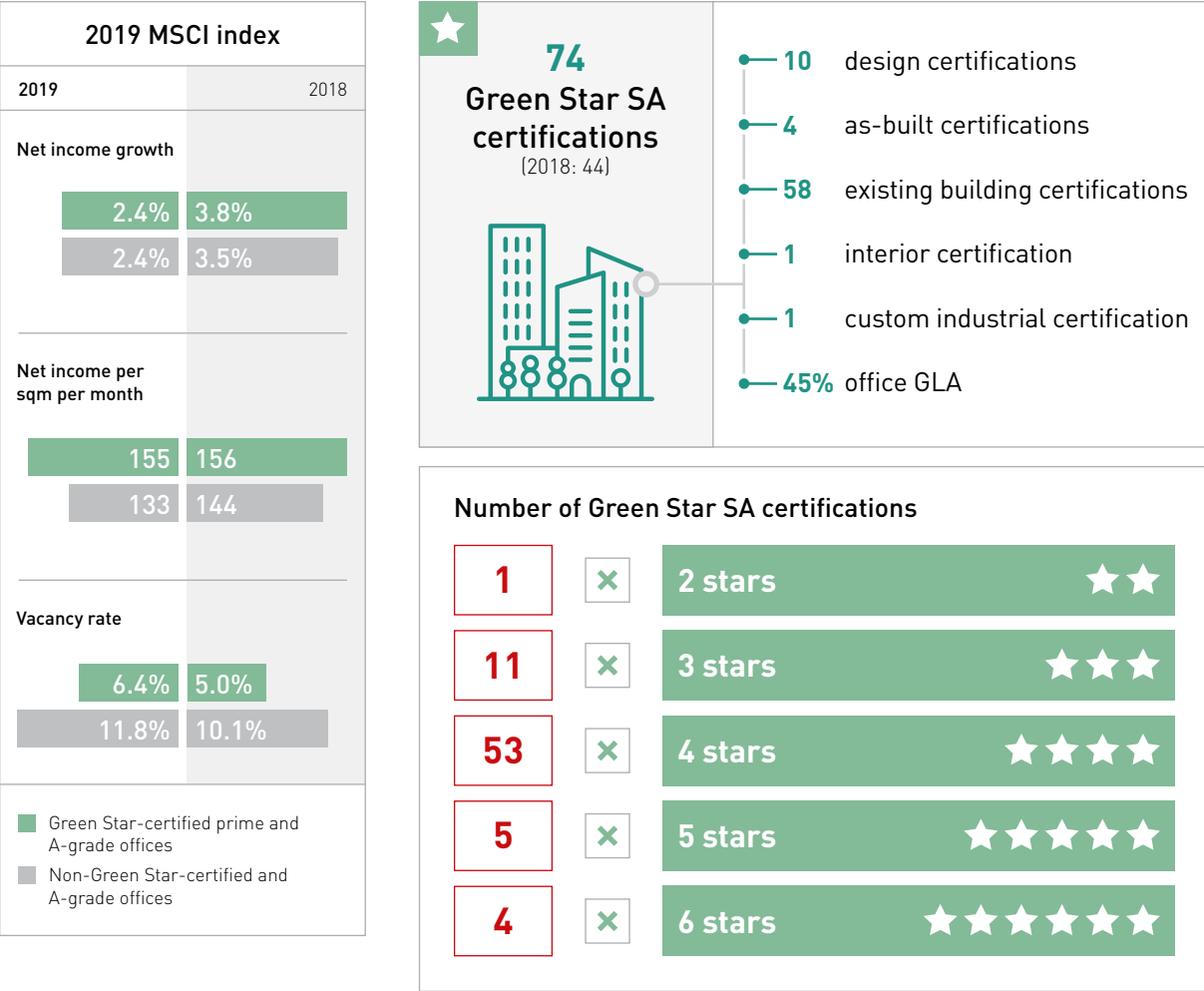
Green buildings have a number of benefits, including social, environmental and economic. They are an effective way of contributing to achieving the United Nations (UN) Sustainable Development Goals (SDGs) and contributing positively to society. Green buildings reduce or eliminate adverse impacts by using less water, energy and other natural resources. The case for green buildings is also compelling from an economic perspective, including savings on utility bills, lower construction costs, and increased property value. Green buildings have also been shown to positively impact the health and wellbeing of people who work in them.

In the context of Redefine’s business, we articulate the business case for green buildings as follows:

	DEVELOPER Why build a green building?	<ul style="list-style-type: none">Ability to secure financeRapid return on investmentIncreased market valueReduced vacancies
	LANDLORD Why own a green building?	<ul style="list-style-type: none">Lower refurbishment costsCorporate image and prestige valueCompliance with legislation and CSR requirements
	TENANT Why lease a green building?	<ul style="list-style-type: none">Reduced downtimeLower operating costsLower maintenance costsHealth and wellbeing

Our green building journey continued

In 2019, we participated for the second time in the MSCI index, and our data formed part of the results. Below are some of the quantifiable impacts across the sector of green on the bottom line:









Our holistic green building approach

Our approach to reducing negative impacts and increasing the benefit we gain from green buildings in our portfolio follow a set framework.

Area of focus		Progress during the year
01 Efficient heating, ventilation and air-conditioning (HVAC) systems		
	Reduce the use of harmful refrigerants. Installation of efficient equipment and systems such as variable speed drives or ice plants	Increased data availability and measurement to improve management. Ongoing implementation of policy dictating gradual replacement of harmful refrigerants
02 Renewable energy sources		
	Alternative energy sources reduced the carbon footprint of the building	Installed 23.7 kWp solar capacity to date achieving 34 575 tCO ₂ e emission reductions.


Area of focus		Progress during the year
03 Indoor air quality and thermal comfort		
	Measurement of volatile organic compounds, CO ₂ , CO and degrees Celsius to ensure air quality. Improved air quality and thermal comfort result in higher occupancy productivity	Pre-certified GBCSA-approved internal air quality management plan implemented in 58 (2018: 50) buildings to date
04 Low-emitting materials		
	Using non-toxic materials, such as low volatile organic compound paints, improve air quality and environmental impact	Pre-certified GBCSA-approved hardscape management plan implemented in 58 (2018: 50) buildings to date
05 Natural light		
	Natural light reduces energy costs and enhances occupancy experience	Access to natural light is inherently part of our new development design process. Opportunities in existing buildings to be explored in future
06 Biodiversity		
	Review and manage impacts on ecological systems and biodiversity	Compliance with developments; however, we have identified biodiversity as a focus area in 2020
07 Green spaces		
	Green roof spaces may reduce energy use. Community garden projects integrate green space into communities	Redefine's approach to integrating green spaces into communities is again evident in the design of our new Rosebank Link development
08 Alternative transport opportunities		
	Reduced carbon emissions through the availability and access to shared and/or alternative transport opportunities	Pre-certified GBCSA-approved green travel plan implemented in 58 (2018: 50) buildings to date
09 Energy-efficient lighting		
	Reduced energy costs and improved light quality for occupants	1 849 519 kWh (2018: 3 517 289 kWh) savings in 2019 as a result of retrofit projects
10 Green cleaning		
	Using biodegradable products reduces the environmental impact of the building	Pre-certified GBCSA-approved policy implemented in 58 (2018: 50) buildings to date

Our green **building journey** continued

Area of focus		Progress during the year
11 Metering and monitoring		
	Installation of smart metering to identify energy and water savings opportunities and influence behavioural drivers	A total of 6 006 smart meters are deployed across the portfolio
12 Operational efficiency		
	Smart operations decrease the waste of natural resources and increase the lifespan of equipment	Pre-certified GBCSA-approved policy for landscape, hardscape, stormwater and pest management implemented in 58 (2018: 50) buildings to date
13 Waste-to-value opportunities		
	Recycling and reusing waste to generate sources of heating, cooling or energy for the building while reducing waste-to-landfill	Second comprehensive waste footprint conducted. 30% (2018: 24%) of our total GLA is managed by outsourced waste management contractors who have recycled a total of 35% (2018: 43%) of all waste collected
14 Water security and treatment		
	Solutions to mitigate water security and quality risks	Numerous solutions to reduce water consumption and ensure security of supply implemented in 2019 (see page 25)
15 Green tenant guidelines		
	Solutions to mitigate risks to water security and quality Influencing and engaging tenants about sustainable environmental practices	Developed a tenant green-guideline, providing a best practice environmental framework implemented in 58 (2018: 50) properties
16 Acoustics		
	Improved acoustics increase occupancy comfort and can be achieved through quiet HVAC systems and the use of sound-absorbing materials	Pre-certified GBCSA-approved operational guideline implemented in 58 (2018: 50) buildings to date

Responding to the need to **reduce** our impacts

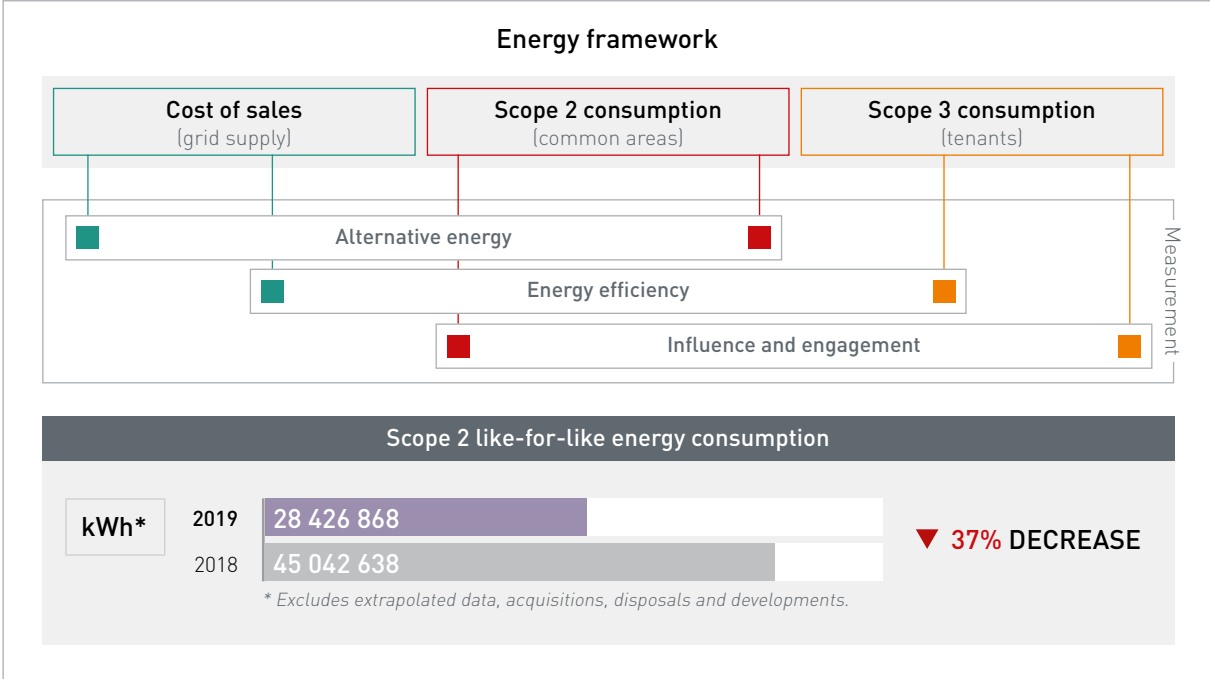
We consistently take action to reduce our impact on the natural environment. This involves embedding responsible environmental practices into our business activities at every level in the organisation.

 **Our energy strategy**

Our energy strategy focuses on three areas, namely reducing our cost of energy and consumption from the national grid, reducing cost and consumption of energy in our common areas (which we have direct control over), and assisting our tenants to reduce the cost and consumption of energy.

Our approach is built on energy efficiency measurements that assist us in identifying the right opportunities to target, and are aimed at reducing energy consumption across all three focus areas. Alternative energy sources, such as our solar PV installations, aim to reduce both our bulk supply and common area usage. Common area consumption is usually only partially recovered and, as such, efficiency initiatives will benefit both Redefine and our tenants. Where possible, we also engage and assist tenants in their energy efficiency endeavours. We are also looking to deploy energy storage solutions, where feasible, to aid in further reductions.

Our engagement efforts are increasingly aimed at addressing tenant consumption.



Responding to the need to reduce our impacts

continued

Optimising energy usage

The rising cost of electricity in South Africa has significant implications for our business and our tenants. The national utility, Eskom, implemented an average increase to direct consumers of 13% during the year, while tariffs increased by 15% to municipalities. This potentially affects Redefine’s income on electricity recoveries as higher increases may be applied to higher consumption tariffs. In terms of energy efficiency, Redefine conducted lighting project feasibility studies for 28 buildings across our portfolio. While much has been done to identify opportunities for improved efficiencies, we also continuously consider the business case associated with efficiency initiatives to ensure their long-term sustainability.

On Saturday, 30 March, from 20:30-21:30, South Africa observed Earth Hour. Our buildings in Cape Town and Sandton proudly participated in this initiative, and property and facility management teams switched off lights where it was safe and practical to do so.

During 2019, our energy optimisation projects yielded an annual saving of 3 409 MWh (2018: 7 182 MWh). The table below includes energy savings in accordance with GRESB categories, for both 2018 and 2019. Please note that efficiency projects are disclosed once-off and renewable energy is cumulative.

MWh savings per GRESB category	2019	2018	2017	2016
High-efficiency equipment	3 409	7 182	2 648	1 005
On-site renewable energy	33 245	19 879	7 359	3 364
Total	36 654	27 061	10 007	4 369

In 2019, we achieved a combined energy reduction through optimisation and renewable energy projects of 36 654 MWh, 35.45% more than in 2018.



The growing imperative of renewable energy

The energy market has changed significantly over the last few decades, with the integration of renewable energy becoming more widely adopted. Redefine invested in solar power as the most cost-effective and environmentally friendly way of generating electricity. In addition, the energy supply in South Africa has experienced a number of interruptions over the past years, increasing the motivation to switch to renewables.

Solar power produces no emissions and does not contribute to noise pollution. Solar panels also have the added benefit of shielding our buildings from direct sunlight, further lowering energy consumption. Solar technology has also improved significantly in recent years, reducing the overall cost of implementation. Redefine has invested solely in solar PV solutions to date due to the superior financial returns of the technology compared with other smaller-scale renewable energy solutions.

However, recently, considering challenges relating to roof and structural loading capacity and regulatory restrictions, retail solar installations have become more complex, and we are investigating office building installations as an alternative. To this end, numerous feasibility studies had been concluded identifying a potential project pipeline of more than 10 MWp, which will be considered going forward.

Renewable energy is not only the kinder choice for people and the environment, but it also creates jobs and boosts the economy.

Installed solar PV to date

We continue to hold our position as the REIT with the largest solar PV footprint in South Africa. An additional 1.3 MWp of solar PV capacity has been installed in 2019, bringing our total renewable energy capacity to 23.7 MWp, compared to a total installed capacity of 22.4 MWp at the end of the 2018 financial year.

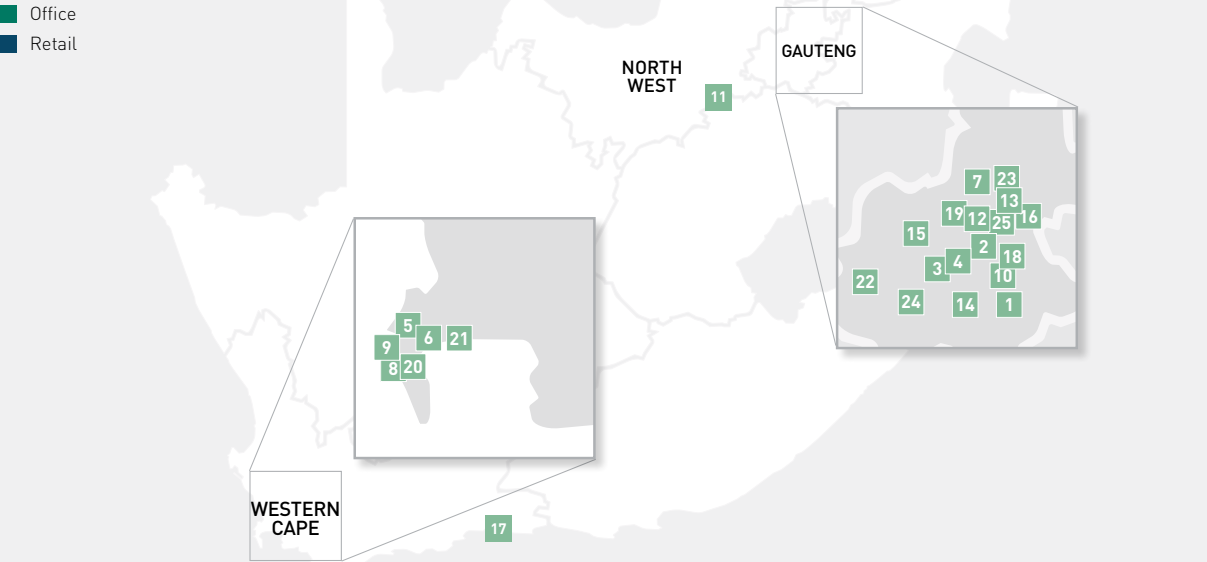
Our solar PV fleet produced 33.24 gigawatt-hours in 2019 with approximately 74 000 (2018: 70 000) panels, which is equivalent to supplying electricity to more than 4 600 households. Our solar PV fleet is generating 5% of Redefine’s total electricity requirements.

We are also investigating the business case for energy storage projects and battery technology, with several high-level viability studies concluded on buildings in the portfolio during the reporting year. These studies yielded positive results, indicating that cost savings could be achieved through energy storage by charging batteries during off-peak tariff periods and releasing stored energy during peak tariff periods. Following the completion of a comparative pricing study, a pilot project may be implemented.

Solar PV projects

The graphs below show the percentage of renewable energy against traditional electricity consumption and illustrate the tonnes of carbon dioxide equivalent saved in 2019.

Building	Sector	Map legend	Size (kWp)	Total kWh generated	Total tCO ₂ e savings 2019	Total tCO ₂ e savings 2018
Alberton Mall	Office	1	350	543 281	565	541
Boulders Shopping Centre	Office	2	1 003	1 633 060	1 698	1 514
90 Grayston Drive	Office	3	50	89 162	93	82
90 Rivonia Road	Office	4	108	185 109	193	169
Black River Park (P1 and P2)	Office	5	962	1 309 148	1 362	1 349
Observatory Business Park	Office	6	599	963 600	1 002	843
Wonderboom Junction 100% Ptn 113	Office	7	1 152	1 775 024	1 846	1 677
Wembley 1	Office	8	491	717 594	746	781
Wembley 3	Office	9	58	91 422	95	781
East Rand Mall (outside-managed)	Office	10	462	739 199	769	683
Matlosana Mall	Office	11	2 573	4 234 978	4 404	3 406
Gateway Corner	Office	12	750	1 161 328	1 208	137
Moreleta Plaza	Office	13	363	537 283	559	275
Park Meadows	Office	14	1 900	2 657 568	2 764	372
The Village @ Horizon	Office	15	1 100	1 574 519	1 637	443
Hazeldean Square	Office	16	943	1 228 507	1 278	9
Langeberg Mall	Office	17	1 390	1 908 614	1 985	1 669
Stoneridge Centre	Office	18	2 496	3 990 800	4 150	2 881
Centurion Lifestyle Centre	Office	19	2 925	4 355 360	4 530	1 275
Kenilworth Centre	Office	20	785	780 507	812	107
Shoprite Park	Office	21	1 639	1 336 369	1 390	207
Cradlestone Mall	Office	22	409	599 330	623	464
Goldfields	Office	23	923	777 887	809	-
Rosebank Corner	Office	24	92	55 099	57	-
Loftus	Office	25	140	-	-	-
Total			23 662	33 244 748	34 575	18 885



Responding to the need to **reduce** our impacts

continued

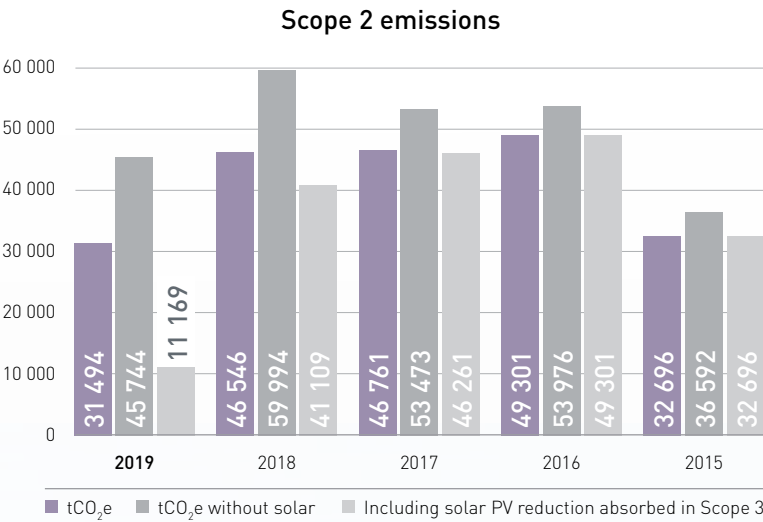
Regulatory context for renewables

During 2018, government published an updated draft Integrated Resource Plan (IRP) for public comment. The document outlines a 20-year energy roadmap, aimed at meeting South Africa's future energy needs.

The IRP received sharp criticism, citing continued updates to the document over time, followed by no concrete indication of its implementation. This creates much uncertainty, and Redefine has endeavoured to proactively engage relevant industry bodies and government to communicate our position on small-scale renewable projects.

Impact on our carbon footprint

The use of solar PV at buildings in our portfolio significantly reduces our overall carbon emissions – in 2019, we have achieved a saving of 34 575 tCO₂e. The table below shows the impact of renewable sources of energy on our Scope 2 emissions.



Our water strategy

Our water strategy is centered around two key deliverables, being the security and safety of supply, and the optimisation of our water consumption.

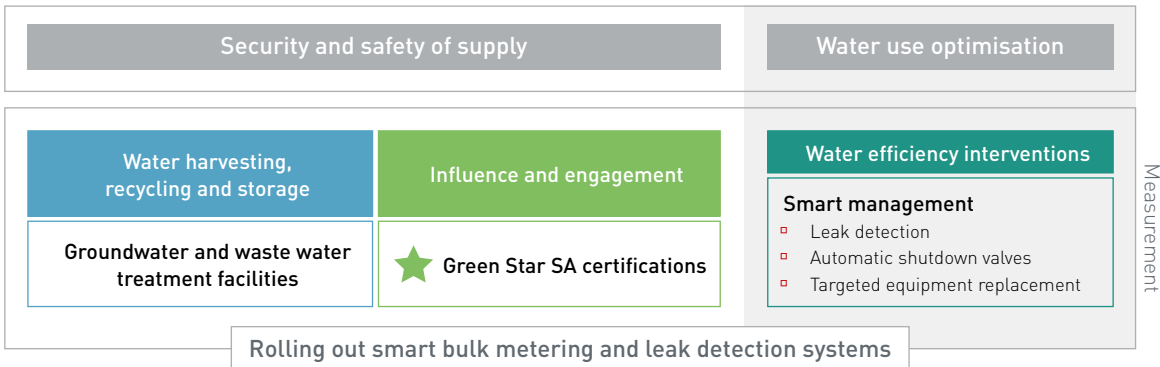
To ensure security of supply, we are continuously looking to implement water harvesting, treatment and storage facilities. One of the challenges we experienced, is the maturity of regulation and requirement for water use licensing to ensure the safety of providing treated water to our buildings.

Water consumption is largely driven by the behaviour of our tenants and visitors to our shopping centres. Green Star SA

certifications are one of the key tools we used to engage with our tenants and influence their water use behaviour. To optimise our water consumption, we developed a smart management approach, based on key measurements which allow us to detect leaks early. We also continue to gradually upgrade equipment to more efficient solutions.

In 2019, we managed to reduce our water usage by 9% on a like-for-like basis, largely due to efforts deployed in the Western Cape in response to water scarcity and operational efficiency initiatives.

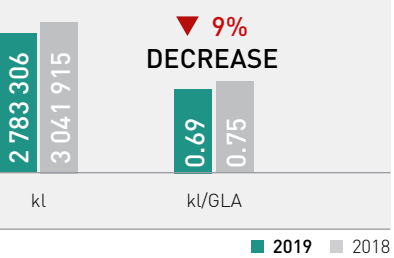
Water framework



Total municipal water withdrawal



Like-for-like comparison*



* Excludes extrapolated data, acquisitions, developments and disposals.

During 2019, we have increased our measurement efforts to ensure that extraction from groundwater sources such as boreholes is accounted for as part of our withdrawal footprint. In 2019, we extracted 73 577kl from boreholes.

We use smart water meters to accurately measure water consumption, detect leaks and gain valuable insight into water distribution in our networks. An analysis of water measurement data from recently installed smart water meters identified a number of properties in which to install smart shutoff valves. Post receipt of fire approvals, these projects were implemented at five key retail centres across the portfolio.

Moreover, we continuously review opportunities to mitigate water security and, as such, have embarked on a portfolio-wide audit of all existing groundwater installations and boreholes. The feasibility of treating groundwater sources to a practical usable state is similarly being investigated and, pending detailed site investigations and receipt of the required water use licence, a pilot project may be rolled out at Park Meadows.

We improved our data extrapolation from 11% in 2018 to 1% in 2019.

Kyalami Corner, Kyalami

Responding to the need to reduce our impacts

continued

Engaging with our tenants on sustainable usage of materials

We endeavour to use materials sustainably as part of our commitment to green building. We continuously engage with our tenants on the sustainable use of materials and have developed a guideline for use in our properties. In addition, we consistently drive awareness regarding crucial sustainability issues and, in this way, enable a shift in behaviour.

Focusing on biodiversity

The health of the natural environment is intrinsically linked to the wellbeing of human beings. Biodiversity is critical for robust ecosystems. At Redefine, we have a deep appreciation for the positive contribution we can make to promoting the protection of biodiversity by leading through example. At all new developments, we first undertake a study to understand whether the land we have earmarked for development contains any vulnerable species or sensitive ecological units. Where necessary, practical measures are implemented to protect these species.

All plants used in landscaping around new developments are deemed to be endemic and can therefore withstand local climatic conditions and grow with minimal watering. Furthermore, we seek to replace impermeable surfaces, bare ground and weed-infested areas with endemic and indigenous landscaping. Through this targeted approach, we contribute positively to the biodiversity in local environments.



2 PYBUS

Biodiversity assessment (Yes/No)
No – Green Star ecological calculator

Biodiversity management plan (Yes/No)
No – Change of ecological value short report, and landscape schedule

Details of assessment/management plan:

- Located within the Gauteng urban edge, with a landscape classification of ‘urban and built-up’
- The site is, therefore, situated within an urban area and unallocated bioregion for the purpose of Green Star
- In addition, the site is classified as ‘brownfield’ as 100% of the site has been previously developed and falls within an urban environment
- The site is a redevelopment of a previous commercial property
- The surrounding landscape comprises commercial and residential property, with little to no natural open spaces available that would support fauna and flora populations
- The site is not located on land with a confirmed presence or high probability of threatened red species, or within a defined buffer relevant to the habitat (ecologist can confirm)
- 100% of the site was previously developed. Therefore no threatened or vulnerable species or sensitive ecological units were present at the time of purchase
- All plants specified by the landscape architect for the new development are deemed to be endemic to Johannesburg and can therefore withstand local climatic conditions
- The plants specified for the new development can grow with minimal watering and thus reduce water demands
- The ecological value of the site is not diminished and is only enhanced beyond the previous existing state
- On the purchased brownfield site, the new development is designed to replace impermeable surfaces, bare ground and weed-infested areas with endemic and indigenous landscaping



BRACKENGATE 2

Details of assessment/management plan:

Basic assessment process (environmental impact assessment) was followed to obtain Environmental Authorisation (EA) in terms of the National Environmental Management Act 107 of 1998. As part of the process, biodiversity studies were undertaken (vegetation assessment and freshwater impact assessment) for the development. Further to this, an approved Environmental Management Programme (EMPr) and Maintenance Management Plan (MMP) (for proposed changes to the Kuils River) is in progress for the development. The development further received a Water Use License (WUL) in terms of the National Water Act 36 of 1998 for the amendments to the Kuils River.

Biodiversity assessment (Yes/No)
Yes

Biodiversity management plan (Yes/No)
Yes



ATLANTIC HILLS

Details of assessment/management plan:

On the back of an approved environmental impact assessment, approved addendum to the environmental authorisation obtained in terms of the National Environmental Management Act 107 of 1998 and Part 2 of the Environmental Impact Assessment Regulation 2014, for the amendment of the environmental authorisation issued on 3 January 2012 and the amended environmental authorisation issued on 3 June 2016.

Biodiversity assessment (Yes/No)
Yes

Biodiversity management plan (Yes/No)
Yes



HIRT AND CARTER

Biodiversity assessment (Yes/No)
Yes

Biodiversity management plan (Yes/No)
Yes

Details of assessment/management plan:

- Throughout the landscape, water-wise plants were used, all of which can grow without any irrigation whatsoever, focussing mainly on locally indigenous aloes and succulents
- Portlucaria affra* was used extensively throughout the site. This is a succulent shrub that requires no watering; it is also one of the best carbon-conversion plants in the world
- We have rehabilitated all exposed or disturbed areas with a suitable mix of wild grasses that are native to the subtropical KZN coastal regions, known as the Simbithi seeding mix
- All plants were locally grown and sourced and nothing was transported over vast distances; nothing more than a 30km radius
- We used about 90% indigenous plant species
- Planting was kept as diverse as possible; more than 85 different species of trees and plants used in total
- There was also a lot of compost and other soil amelioration done, which enhances soil structure and water-carrying capabilities
- Steep sections were shaped, protected with geo-fabrics and planted up to be retained and greened, so that no cut-face would be visible

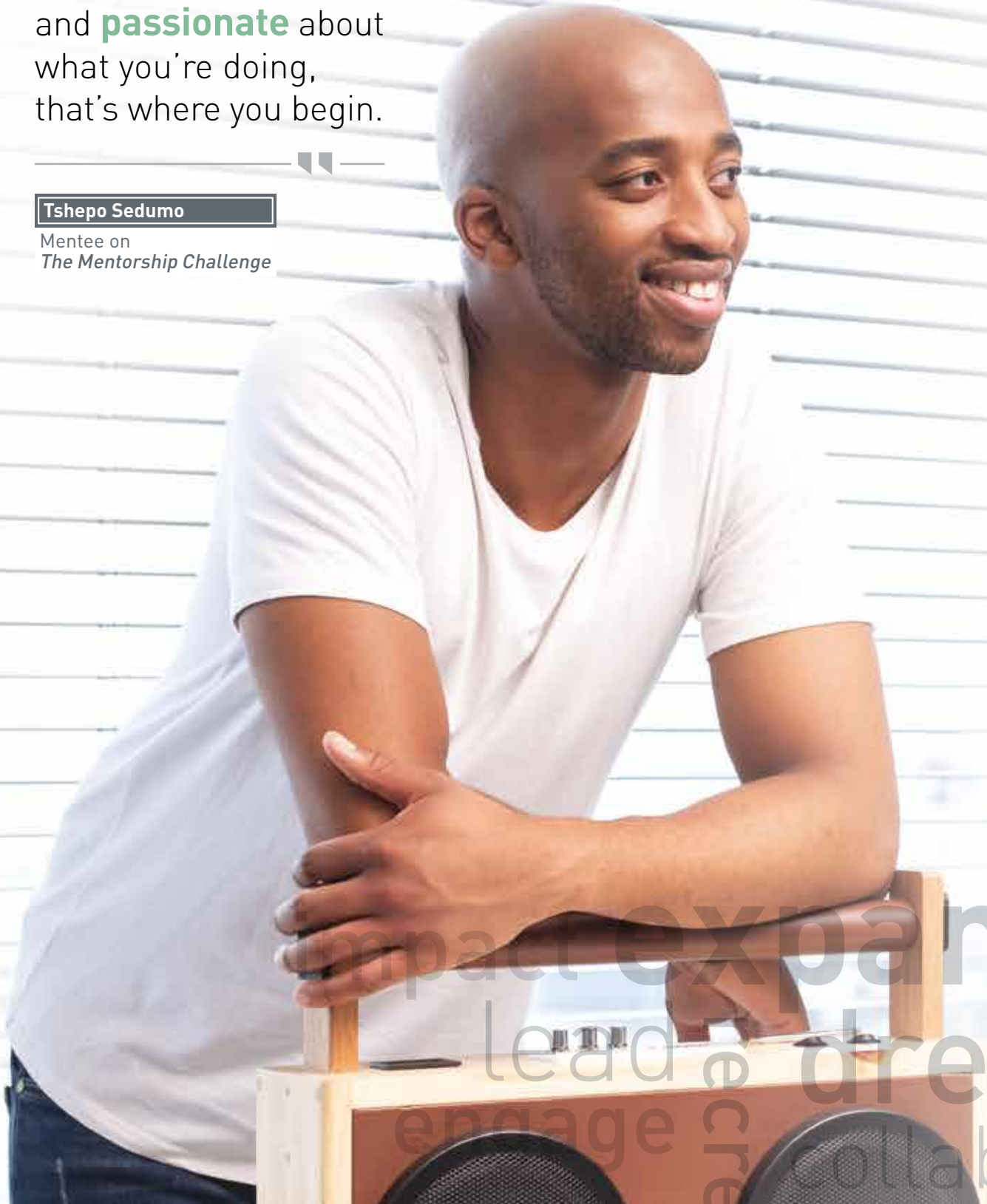
flourish **enterprise**
operate create **innovate**
grow



If you're **determined**
and **passionate** about
what you're doing,
that's where you begin.



Tshepo Sedumo
Mentee on
The Mentorship Challenge



expand
lead & dream
engage & create
collaborate

Our social landscape

Creating spaces to... expand

What do you do when your passion leads you from the trajectory you always envisioned for yourself, to new and exciting places? For Tshepo Sedumo, this question is not unfamiliar and the road it lead him down was anything but expected.

From a young age, Tshepo loved figuring out how things worked – pulling them apart and putting them back together. With a father working in finance, however, he believed that his future held a similar career path and therefore began studying a BCom finance degree. Still, Tshepo found the time to pursue his passion of building things from scratch. Later, spare time became full time as Tshepo dropped his studies to pursue a business making boomboxes.

“Grove Audio was an idea that was born from my passion to create. It started off as a simple hobby, just another way to pass the time. As time went by and my skills got better – along with my creations – I saw the opportunity to make this something bigger, something great.”

Speaking of his experience of being part of *The Mentorship Challenge*, and of being mentored, Tshepo says that it has been a blessing to him personally, and for his business. “I am so thankful that Redefine offers this programme and makes it available to anyone who wants to be involved.”

“My mentorship journey has changed me. My mentor, Precious Zeinzinger-Tuitz, is an incredibly driven and caring individual and has given me the direction that I’ve needed at every juncture. From the outset, I knew that this was someone that I would learn a lot from. Her energy is contagious! I honestly can’t say enough good things about her.”

Upon reflection of what he’s learnt from this experience, Tshepo said that more than anything he believes the journey has expanded his thinking. “Precious has challenged me to think differently, to unlock my own potential. I want to keep learning and growing.”

In line with this, Tshepo has taken courses that are more aligned with where he wants to go. And he wants to encourage everyone to follow their passions, proactively seeking out the knowledge and connections that they need and making an effort to learn from every step of the journey.

“If you’re determined and passionate about what you’re doing, that’s where you begin. Then meet with a mentor. And learn. Learn from them. Learn from your mistakes. Take each failure as a lesson that will propel you forward. Don’t limit yourself by believing you know everything. Be open to new ideas and new viewpoints – and continue to expand your thinking. It will open up new ideas, and new doors along the way.”

expand, verb
‘become or make larger or more extensive’

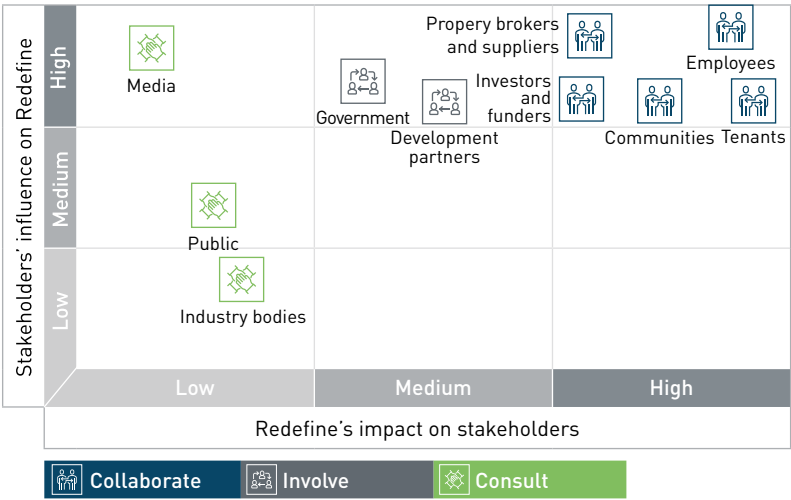


Engaging to sustain value

We believe that it is our unique approach to relationships that sets us apart and allows us to deliver sustained value to all our stakeholders. Therefore, engaging constructively and inclusively with our stakeholders is a strategic imperative. Our business and operating environments are continually evolving, and it is essential that we understand relevant issues and obtain stakeholder input to inform our decision-making. This is also central to developing and maintaining our short-, medium- and long-term business strategy.

To formulate meaningful engagement strategies with all our stakeholders, we identified our material stakeholder groups according to their levels of influence on us, as well as our impact on them.

Analysis of Redefine's stakeholders



Our relational approach to business leads and guides us to achieve our purpose. By placing purpose at the heart of our strategy, we connect stakeholder needs to social impacts.

Our stakeholder goals drive us forward, articulating the value we seek to deliver for each of our key stakeholders, and therefore serve to inform our strategy.

Key stakeholders and goals

- Investors and funders**
Source of sustained growth in total returns
- Employees**
Employer of choice
- Tenants**
Differentiated provider of relevant space
- Property brokers and suppliers**
Preferred business partner
- Communities**
Responsible community participant


Investors and funders		Level of stakeholder engagement
Why we engage	Issues raised	<div>Our corporate website serves as a key information platform</div> <div>Annual and interim results presentations</div> <div>One-on-one engagements with investors and funders that includes non-executive directors</div> <div>Property tours</div> <div>Electronic announcements</div> <div>Editorial coverage in property sector and financial media, as well as thought leadership pieces</div> <div>Attendance at industry and investor conferences</div> <div>The integrated report</div>
By understanding our funders and investors' requirements and meeting their value expectations, we grow trust in our organisation, which strengthens our access to capital.	<div>Consistency in delivery on the strategy</div> <div>Complex investment structure – too much diversification and multiple entry points</div> <div>LTV levels too high</div> <div>Sustainability of non-recurring earnings</div> <div>Transformation strategy satisfactory at board level, but to be cascaded throughout the organisation</div> <div>Succession planning for senior leadership</div> <div>Appointment of independent non-executive chairman welcomed</div>	
How we engage	Our strategic response	
<div>Our corporate website serves as a key information platform</div> <div>Annual and interim results presentations</div> <div>One-on-one engagements with investors and funders that includes non-executive directors</div> <div>Property tours</div> <div>Electronic announcements</div> <div>Editorial coverage in property sector and financial media, as well as thought leadership pieces</div> <div>Attendance at industry and investor conferences</div> <div>The integrated report</div>	<div>We communicate our long-term focus and strategy through our IR</div> <div>We remain committed to addressing concerns around the complex investment structure, LTV and non-recurring income and, while some of these are medium-term projects, we are committed to communicate openly and honestly, and disclose detailed breakdowns of these items</div> <div>We elaborate on our transformation strategy in this report, and present our transformation strategy during engagements. Transformation remains a challenge and is a key priority going forward</div> <div>We continue to communicate our governance practices clearly and transparently through various mediums</div> <div>In the current economic climate, we have increased engagement and exposure to senior management by introducing a roadshow and one-on-one meetings prior to our closed periods</div>	


Employees		Level of stakeholder engagement
Why we engage	Issues raised	<div>A need for two-way communication across multiple platforms</div> <div>Integration of new employees from acquired portfolios and insourced business to make them feel part of the culture</div> <div>Transformation at all levels</div> <div>Fair and market-related remuneration</div> <div>Career development opportunities</div> <div>Access to mentorship and coaching programmes</div> <div>Flat organisational structures, our acquisitive nature, and low staff turnover are barriers to promotional and career opportunities</div>
Our employees are fundamental to growing our brand and to the delivery of a high-quality service. We believe that employee engagement is vital to maintaining a motivated and aligned workforce.	How we engage	
<div>One-on-one interactions between staff and line managers</div> <div>Employee surveys</div> <div>Staff events</div> <div>Intranet and electronic newsletters</div> <div>Rewards and recognition programme</div> <div>Communications from the chief executive officer (CEO)'s office</div> <div>Performance reviews and exit interviews</div> <div>Internal roadshows and presentations</div>	Our strategic response	<div>Various platforms are utilised, and new additions considered to improve internal communication and ensure two-way, streamlined communication in line with latest trends</div> <div>Our people are encouraged to participate and give feedback to stimulate two-way communication and not a top-down approach</div> <div>Formalised induction and onboarding programmes ensure information is relevant, clear and easily retrievable for new starters</div> <div>Transformation remains a top priority</div> <div>Remuneration practices are benchmarked annually against peer and industry companies. We have introduced a total reward statement to create a better understanding of individual remuneration and benefits and to encourage dialogue</div> <div>Long-term staff incentive scheme was introduced to broaden our rewards strategy</div> <div>We have a rewards and recognition programme, incentivising our employees to be the best at what they do</div> <div>We support and encourage our staff to improve their skills and capabilities to remain relevant</div> <div>We support internal employee promotions, when opportunity arise, and encourage internal career growth</div> <div>We encourage our people to be innovative, and design jobs that are challenging and stimulating, to foster a culture of ongoing learning</div> <div>We have a specialist learning and development department to support the business and employees to build capacity for future business needs and, in doing so, also focus on employees' development needs, including mentorship and coaching</div> <div>Wellness programme offering financial, physical and emotional wellness support</div>




Redefine employees

Engaging to sustain value continued

■ Tenants		Level of stakeholder engagement 
Why we engage	Issues raised	
Our business would not survive without our tenants. By understanding and meeting our tenants' needs, but also assisting them to improve their offerings, we encourage lease renewals, which sustain and grow our business. By attracting and upskilling new-generation tenants with innovative solutions, we improve the offerings in our spaces, thereby remaining relevant.	<ul style="list-style-type: none">▪ Inconsistent service levels throughout the tenant lifecycle▪ Utility supply interruptions▪ Increased cost of occupation▪ Response time in resolving issues	
How we engage	Our strategic response	
<ul style="list-style-type: none">▪ We believe in the value of personal interaction and have on-site teams on our premises as far as possible▪ Operational issues are communicated through various platforms, including emails and WhatsApp groups▪ We communicate health-and-safety-related matters, including practice drills▪ Other communication platforms include:<ul style="list-style-type: none">▪ Print and electronic communication▪ Ethics hotline (whistle-blowers)▪ Call centre	<ul style="list-style-type: none">▪ We have installed standby power supply solutions at several of our key retail properties, providing a full backup service, therefore enabling the property to run normally during supply interruptions▪ We continuously strive to increase the resource efficiency of our properties through environmentally responsible operating methods. This, in turn, reduces operational costs to our tenants▪ During 2018, progress was made on the tenant experience management (CRM) system (called STEP), and work continued on the overall strategy to improve tenant experiences▪ We have a dedicated call centre to field enquiries and complaints▪ Introduced a tenant green guideline to encourage sustainable behaviour	

■ Property brokers and suppliers		Level of stakeholder engagement 
Why we engage	Issues raised	
We are dependent on our suppliers to deliver services in line with our brand promise that affect other key stakeholders (such as shoppers and tenants), and brokers to let out spaces within our portfolio. Therefore, their alignment to our brand promise is critical.	<ul style="list-style-type: none">▪ Information supply and response times▪ Commission and other payments▪ Slow-moving deals▪ Local representation and opportunities to uplift small enterprises	
How we engage	Our strategic response	
<ul style="list-style-type: none">▪ We have an extensive broker incentive programme (REACH)▪ Our website is a key source of information for brokers regarding REACH and our vacancy portal reflecting current vacancies▪ We assist brokers with information regarding vacant space through site visits, presentations and marketing▪ We have a team of internal leasing executives to liaise with brokers▪ We engage with our suppliers throughout our procurement and vendor application process	<ul style="list-style-type: none">▪ We have streamlined payment processes to minimise delays▪ We strive for quick decision-making and simple deal-structuring▪ We have broadened our engagement strategy with brokers and continuously strive to improve and develop communication platforms aligned to expectations▪ A procurement process review was finalised during 2019. Based on the outcomes, we will further develop a more extensive engagement strategy for all our suppliers	

■ Communities		Level of stakeholder engagement 
Why we engage	Issues raised	
Open dialogue and interaction with our communities affords us the opportunity to understand their needs and to further align our business to meeting these needs, but also to manage the impact they have on us, and we have on them. This is how we ensure we create mutually beneficial partnerships to reach our longer-term goals.	<ul style="list-style-type: none">▪ Opportunities within our spaces to improve the lives of communities surrounding them:<ul style="list-style-type: none">▪ Business opportunities for entrepreneurs and local business owners▪ Job opportunities for community members and students▪ Upliftment and partnerships with local traders▪ Collaboration opportunities for non-governmental organisations	
How we engage	Our strategic response	
<ul style="list-style-type: none">▪ Previous interaction with communities was channelled through CSI initiatives▪ Direct engagement around community concerns facilitated through personal interaction within buildings	<ul style="list-style-type: none">▪ This year, we launched the Challenge Revolution with the aim of bringing all stakeholders in and around our buildings, including community representatives, tenants, political parties, local government and others, together to determine their needs and create solutions in a collaborative way▪ The Mentorship Challenge was introduced at the Challenge Convention to provide mentorship opportunities for the stakeholders around our buildings▪ We also launched the Innovation Challenge to provide opportunities for young entrepreneurs with innovative ideas	

Local and national government		Level of stakeholder engagement 
Why we engage	Issues raised	
By engaging with local and national government, we ensure that their concerns, as well as our own, are heard. In this way, we help create and maintain an appropriate regulatory environment. In doing so, Redefine can operate in a context that provides reasonable certainty, which is fair and transparent to all competing participants.	<ul style="list-style-type: none">▪ Continued contribution to economic growth▪ Good corporate governance▪ Compliance with applicable legislation	
How we engage	Our strategic response	
<ul style="list-style-type: none">▪ Personal meetings and relationships with municipal and departmental officials▪ Written and verbal communication▪ Returns submitted in compliance with legislation▪ Formal application and engagement process	<ul style="list-style-type: none">▪ We aim to align our community development projects to the National Development Plan (NDP). Local government's involvement and inclusion is key to our community engagement▪ We regularly engage with local authorities and regulatory bodies to improve service delivery and accuracy of billing for utility services▪ We liaise with council on capital project approval issues, development planning and implementation▪ We pursue the highest standards of legislative compliance and sound corporate governance	

Engaging to sustain value continued

MediaLevel of stakeholder engagement	
Why we engage	Issues raised
Through clear and mutually beneficial communication, the media gains a balanced understanding of our business and people, which it then broadcasts to the public.	<ul style="list-style-type: none">Proactive engagement to ensure strategic information is shared efficiently and comprehensivelyTimeous responses that provide a true reflection of the facts
How we engage	Our strategic response
<ul style="list-style-type: none">Media statements and briefingsSite visitsAccess to management	<ul style="list-style-type: none">We have a full-time communications specialist, as well as a public relations agency, to drive strategic communications and ensure that timeous and accurate information is suppliedA crisis communications strategy is in place and is continuously refined and communicated within the businessWe are considering a broader digital marketing strategy and increasing resources (internal and external) to improve the use of social media platforms

Development partnersLevel of stakeholder engagement	
Why we engage	Issues raised
We understand that without our development partners, we would not be able to expand at the pace we are. We work in collaboration with partners to invest in development opportunities, benefiting from our partners' expertise and the resources they supply in the development process.	<ul style="list-style-type: none">Fees for services renderedCultural fit to RedefineValue addedQuality of resourceAvailability of capitalKnowledge base and industry reputation of partner
How we engage	Our strategic response
<ul style="list-style-type: none">Sourcing of development opportunitiesConceptualisation of development projectsJoint venture and joint ownership of development projectsInternal development management teamInternal project management and leasing teamTender processesOngoing relationship management in terms of the Redefine value system	<ul style="list-style-type: none">We review development opportunities on a case-by-case basisWe ensure fees are market-competitiveWe conduct cultural fit assessmentsWe assess the availability and quality of resourcesWe perform financial due diligencesWe assess the capital funding headroomWe assess the intellectual property and reputational standing of potential partners

PublicLevel of stakeholder engagement	
Why we engage	Issues raised
Managing our relationship with the public, especially in and around our shopping centres, is essential as they are the shoppers who support our tenants. Furthermore, the general public impacts on our brand reputation by reporting on their experiences on various platforms (formally and informally).	<ul style="list-style-type: none">Safe, secure environmentCorrect tenant mixService deliveryConvenient parking and relevant equipment and facilitiesShopping centre events and other forms of entertainmentManagement access to manage complaintsIssues during retail redevelopments/refurbishmentHealth and safety compliance during developmentEnvironmental impact of our buildings
How we engage	Our strategic response
<ul style="list-style-type: none">Proactive engagement with retail tenantsShopping centre marketing, promotions and communicationsActive management of communication with local media, as well as social media platformsProactive management of complaints and enquiriesCommunity forums and engagements	<ul style="list-style-type: none">The security of our staff, shoppers and tenants is of the utmost importance and, therefore, security measures are continuously revised within shopping centresWe continue to research and monitor shoppers' needs, as well as risks and opportunities, and are focused on offering the appropriate tenant mix for each centre. We have introduced Admyt, a new ticketless and cashless parking systemWe have successfully internalised management of marketing activities and non-GLA spaces to improve the offering and experience in all our mallsWe remain focused on enhancing the shopper and tenant experience during retail upgrades and extensionsEnvironmental sustainability and the impact of our properties on the immediate surrounding environment is top-of-mind and there are numerous sustainability initiatives in progress

Industry and business organisationsLevel of stakeholder engagement	
Why we engage	Issues raised
By participating in and engaging with industry and business organisations, Redefine gains from the sharing of ideas and experiences in these forums, especially on matters affecting the industry as a whole and matters of mutual interest.	<ul style="list-style-type: none">Requires support and participation to ensure knowledge is shared within the industry
How we engage	Our strategic response
<ul style="list-style-type: none">Active involvement on improvement of district and business boards of directors, including industry association committeesPresentations at conferences and congressesNetworking eventsPartnering with industry organisations to communicate and drive common goals	<ul style="list-style-type: none">We support and actively engage with the relevant boards, committees and industry bodiesParticipation and engagement at conferences continues, while opportunities are explored to ensure exposure and to position Redefine as a thought leader in the property sector

Ballyoaks Office Park, Bryanston

From investment to involvement

At Redefine, our purpose is to create and manage spaces in a way that changes lives, embodying our understanding that although property is our commodity, people are our business.

We recognise that the socio-economic context in which we operate, fraught with rising unemployment, weak economic growth and increasing social instability, requires more from business than ever before.

Challenge Revolution

We firmly believe that to shape a more sustainable outlook, a shift from social investment to social innovation is critical. In line with this thinking, we launched an initiative called the **Challenge Revolution**, which encompasses several major business initiatives, including the **Challenge Convention** series, the **Innovation Challenge** and **The Mentorship Challenge**.

These initiatives all reflect our belief that we need to remain relevant and forward-thinking by considering and collaborating with the people in and around our properties to identify and address their real needs in a truly South African way. Through this focus, we are able to tackle real business and social challenges, such as transformation and skills gaps, while remaining relevant and offering better experiences in our spaces.

Umbrella concept

ReDeFiNe
chAllengerevolution
Our people. Our places. Our way.

Underlying initiatives

ReDeFiNe
chAllengeconvention

ReDeFiNe
innovationchAllenge

THE
MENTORSHIP
CHALLENGE
WITH MARC WAINER



Challenge Convention: Maponya Mall

Challenge Convention

As we move from investment to involvement, our approach has evolved too.

Redefine's commitment to an asset-based community development (ABCD) approach seeks to recognise communities as partners possessing the skills and assets to develop and support solutions that will deliver sustainable transformation.

Interventions identified and implemented will be benchmarked against the Sustainable Development Goals (SDGs) that Redefine has prioritised, as well as South Africa's National Development Plan (NDP) for 2030.

These goals stretch us to think beyond the conventional timeframes, providing a sense of future direction that will drive us forward in achieving our higher purpose.

In its initial phase, our ABCD approach with regard to Maponya Mall involved extensive engagements with over 1 000 community members, community-based organisations, local NGOs, political representatives and local businesses and entrepreneurs. The culmination of this engagement process was our first **Challenge Convention** at Maponya Mall – a live forum-style event that encourages open debate and discussion on topical issues, with the goal of moving from conceptual thinking to practical implementation.

“We wanted to create a platform for people and communities to come together to achieve positive change using their knowledge and lived experiences of the issues they encounter in their daily lives.”

Marijke Coetzee, head of marketing and communications, Redefine

In April this year, we hosted our second convention – again at Maponya Mall – where we provided feedback to the community on the high priority issues we identified together, and we discussed potential solutions identified to address these.

After the convention, we followed a tender process to make the identified projects a reality and to deliver the outcomes we hope to achieve. We are now in a strong position to implement sustainable solutions and thereby support real and enduring change in our Soweto community. For more information on the outcomes of these engagements, see **pages 39-40**.

Going forward, we intend to roll out comparable initiatives across our portfolio in retail centres, offices and industrial spaces.

Walking together, talking together, working together for change

From investment to involvement continued

Innovation Challenge

The Redefine **Innovation Challenge** is our answer to the question: How do we encourage innovative ideas that integrate our stakeholders' needs and thereby differentiate us in a fiercely competitive space?

The **Innovation Challenge** is a competition across South Africa to generate ideas from entrepreneurs and innovators from all walks of life, that either re-thinks, re-invents or re-configures the physical spaces we occupy and interact within, or creates an entirely new way of doing things in the office, retail mall and industrial property arenas.

The winner of the first **Innovation Challenge**, Mary-Ann Mandishona, scooped top honours with her **Cash4Trash** concept – a recycling initiative powered by vending machines strategically located in 'green zones' in the mall, where the community can bring their recyclable trash to be converted into usable coupons in the mall.

Through this direct type of engagement, we hope to generate more implementable ideas that will set Redefine apart and make a meaningful difference to our stakeholders by integrating community needs into our spaces, improving tenant experiences and uplifting entrepreneurial finalists.



The Mentorship Challenge

The Mentorship Challenge, created to make a real difference in people's lives, demonstrates our commitment to our country and its future leaders. The initiative allows ordinary South Africans to connect with legendary leaders in every possible field.

From the very start, the intention was to revive and entrench a culture of mentorship in a skills-scarce South Africa – to create a rich resource of masterclasses to be drawn on by future leaders and promising entrepreneurs who may not otherwise have access to these insights. Enabled through an interactive online platform, **The Mentorship Challenge** allows thought leaders to share their wisdom and insight, leaving a legacy for future generations.

The Mentorship Challenge show was co-hosted by Marc Wainer, who is not only our founder, but a seasoned entrepreneur and astute businessman in his own right, together with his experienced guests, and looks at issues facing the youth in South Africa – such as the lack of mentorship opportunities, skills shortages, start-up challenges and employment opportunities.

This initiative offers us an opportunity to inspire fellow corporates to join the mentorship movement and give back to communities in a meaningful and sustainable way.

The second season of **The Mentorship Challenge** was produced in front of live audiences (with three episodes filmed during the **Challenge Convention** at Maponya Mall) giving the general public, but also the communities and other stakeholders in and around our properties, exposure and access to benefits from this initiative. The show also offered us, as a responsible corporate citizen, a chance to inspire our fellow corporates to take up the mantle of mentorship and give back to communities in a meaningful and sustainable way.

Together, these initiatives are driving positive change in the lives of our stakeholders – aligning firmly with our purpose.

Going forward, we believe that it will be this type of out-of-the-box thinking that will support business success and make a lasting impact in our communities, and across our country.



More than mentorship – it's a movement	
740	Total number of mentors and mentees matched
590	Number of mentors registered
6 350	Number of mentees registered

This year, we also extended **The Mentorship Challenge** to benefit all our employees at Redefine. We also launched the **Managers to Mentors leadership programme** for line managers within Redefine. For more information on these programmes, see page 54.



Supporting our communities

The importance of the relationship with our communities cannot be underestimated. Without the communities that surround our properties, our tenants would not have businesses, and our business, therefore, would not exist.

We have refreshed our CSI plans to better serve our communities through an integrated community engagement plan. Our newly launched **Challenge Convention** is one of the primary platforms we use to engage with our stakeholders, including our communities, in two-way discussions, to truly understand their needs. Through meaningful conversations, we aim to understand our impact on our stakeholders – as well as their impact on us and each other. Furthermore, these engagements will help us understand the needs of the communities around our buildings and allow us to work with them in developing projects and innovative solutions that will make a real difference.

We have partnered with the FNB Philanthropy Centre to assist us with an analysis of our portfolio and the surrounding communities to ensure that we create sustainable solutions for these stakeholders. Based on the findings of this analysis, we will develop a rollout plan to determine where future **Challenge Conventions** will be held, and also where other short-term projects might be required to address immediate needs.

We are in the process of formally documenting the CSI strategy, including focus areas, resource allocation, goals and impact measurement. The anticipated benefits of the CSI strategy should encompass the following:

- The development of future stakeholders
- Innovative solutions in Redefine's spaces
- Improved experiences
- Reduced environmental impact
- Greater cohesion between communities and Redefine's properties
- Increased value in underlying assets

Our strategy will be finalised during the next financial year and will guide decisions regarding community projects we invest in based on feedback received from community engagement at the **Challenge Conventions**.

During the year, we continued to engage with our stakeholders to shape a more sustainable outlook based on our refreshed CSI strategy. Below are some of the outcomes from these engagements and the high-impact projects we focused on.



Challenge Convention: Maponya Mall

Our investment	Value added to date for stakeholders based on feedback received	
R1.3 million Over 1 000 community members and tenants engaged	▪ R1 million worth of exhibition space made available to entrepreneurs	▪ 15 Community Policing Forum security guards
	▪ Additional safety and security	▪ Extra lighting in parking lot and mall perimeter
	▪ Partnerships to tackle challenges and grow businesses	▪ Golf carts to transport pensioners – in and around the mall
	▪ Free wi-fi installed	

Looking ahead

Feedback from the **Challenge Convention**, suggested that we create a hub to serve as a multi-purpose communal space that connects identified community stakeholders and provides access to resources that promote participation in the local economy.

It will host programmes that empower:

- **Youth** – with skills development and employment
- **Formal and informal businesses** – through Entrepreneurship Accelerator, skills development and other opportunities
- **Community sectors** – using existing services offered by non-profit organisations (NPOs)
- **NPOs** – needing capacity building and compliance assistance

A steering committee is currently developing an extensive plan, including: best practice research, site selection, infrastructure design and layout on earmarked land.

From investment to involvement continued

Challenge Convention: Maponya Mall continued

During the **Challenge Convention** (which included two major conventions, a series of work groups and forums within the community), **three innovative sector development** programmes were prioritised: **youth, non-governmental organisations (NGOs), and small, medium and micro enterprises (SMMEs).**

Development programme designs were then identified as an interim solution for NGOs and SMMEs in workshops that will ultimately lead to the establishment of The Hub as a long-term solution.



S&J: The Hawk Academy

Our investment R1 million (2018: R687 000)	Value for stakeholders <ul style="list-style-type: none">Approximately 989 learners in the school, ranging from age five to 18Improved facilities for learners
Looking ahead <p>We will continue to focus on further developing facilities within the school, such as additional classrooms, sports fields, a computer laboratory and training centre, as well as a science laboratory.</p>	

The Hawk Academy, a government school founded in 2015, started operations in a mine office building and it became evident that it needed to be formalised further by developing a suitable school facility. Redefine, in partnership with Abland, donated 6.5 hectares of land towards the development of the school, which now accommodates **989** learners from grade R to grade 12. In addition, together with the Abland Group Foundation, Redefine provides equal funding towards infrastructure development and maintenance relating to the school.

In June 2019, four new containers were donated to the Hawk Academy, which will serve as classrooms and ablution facilities for the learners. Other initiatives undertaken to date include donating stationery, toys and toiletries, feeding schemes, painting and cleaning of the facilities, book drives, as well as various employee volunteering programmes.

We continue to actively engage with the informal community settlement adjoining our S&J land, as well as City of Ekurhuleni, to understand the community's most pressing needs and establish the best way forward.



Creating sustained impact through existing sponsorships

We continue to engage with and support our current charities. In doing so, we work with them to further align their projects to our strategy and the role they play in the communities around our buildings. Simultaneously, we develop exit strategies to secure the future sustainability and impact of these projects. We also consider all charities that currently let space from us, including how we can support them through rental reductions or free space.

Buskaid

Buskaid Music Academy in Diepkloof, Soweto, is a township project that brings the gift of music to underprivileged children, teaching them to play classical string instruments.

Our investment R1.1 million (2018: R1.1 million) Contributing to overall administration, teachers' funding, concerts and an on-site clinical psychologist to support students as needed	Value for stakeholders <ul style="list-style-type: none">120 (2018: 122) students enrolled this year16 (2018: 13) teachers employed – 10 (2018: 10) assistant teachers, under the guidance of two full-time teachers and one part-time teacherAssistant teachers are employed from a pool of students who have graduated from the programmeThe full ensemble of performers consists of 24 musicians who play at concerts under the guidance of the musical director, Rosemary Nalden, and the assistant to the director, Sonja BassFor gigs, approximately 13 musicians play, depending on their availability, providing employment for students when they reach the appropriate level of training
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Retail CSI initiatives

Our approach to CSI also includes analysing opportunities within our property portfolio, such as initiatives in and around retail centres, donation of vacant space and of non-GLA opportunities. During the year, our retail CSI, including donations of courtyard space and various smaller monetary donations, amounted to **R3 million.**

From investment to involvement continued



Reach For A Dream

As part of our Reach For A Dream sponsorship, we funded the Jabulani Kingdom project, which is an in-hospital care programme, where professional entertainers go into the wards, entertaining the children. Each Jabulani attends to approximately 30 children per shift, working between the oncology, renal and cardiac wards. They also attend to burn victims and long-stay children. This funding assisted with 160 shifts of 2.5 hours each for children across different hospitals in the country. This programme realised Redefine’s goal of inspiring hope and creating laughter to hospitalised children.

Our investment

R100 000
(2018: R200 000) sponsorship
R53 000
in donated space

Value for stakeholders

- Over 5 800 children benefitted from Reach For A Dream
- Donated space

Santa Shoebox

Each year, the Santa Shoebox project collects and distributes personalised gifts of essential items and treats for underprivileged children throughout South Africa and Namibia. In 13 years, they’ve reached more than 850 000 children.

Our investment

R520 000
in donated space

Value for stakeholders

Donated spaces to drop off Santa Shoeboxes at The Boulevard Office Park.



E’Yako Green

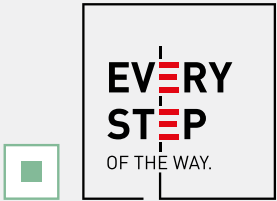
Since 2009, E’Yako Green has been manufacturing South African-made, eco-friendly products from waste. Their signature product range includes bags, as well as other functional items, upcycled from end-of-campaign PVC marketing billboards which would normally be directed to landfills and take more than 500 years to biodegrade.

Our investment

Contributing Redefine billboards that reached the end of their advertising life.

Value for stakeholders

- Produced 1 500 cooler bags, laptop bags, toiletry bags and tote bags made from upcycled Redefine billboards
- Job creation
- Growth in skills and capacity building



Enhancing tenant experiences
Every Step of the Way

In a fiercely competitive environment, tenant retention is top-of-mind. We recognise that to truly bring our brand positioning to life, we need our tenants to experience a meaningful connection with us as people, not landlords.

During 2018, we undertook a project to analyse and identify tenant needs, including which interactions or touchpoints they deem most important and what their expectations are in terms of their experiences at each of these touchpoints. Based on research findings, we have developed a tenant journey map that outlines the ideal future state of each interaction during the tenant’s journey with Redefine.

To entrench this strategy in the business, an internal change management programme was launched at our annual roadshow in July 2018, called *Every Step of the Way*. The campaign helps employees understand how they shape our tenants’ experience of Redefine, by unpacking every interaction and touchpoint throughout the tenant lifecycle. While progress on this project is slower than what we anticipated due to the scale of change management required, we aim to implement quick-wins to enhance tenant experiences for further evaluation.



heads up hearts in hands on



Driving passion through employee engagement

We acknowledge that there is nothing more powerful than our employees’ passion and initiative in our efforts to be the best in all aspects of what we do. It is important that our people know the value they bring to our organisation is as much who they are as it is what they do. Our employee value proposition includes two distinct focus areas:

Positioning Redefine as an employer of choice

We believe our strong corporate brand presence and the communication of our people-centric approach contribute to positioning us as a brand that future employees aspire to associate themselves with.

Employee engagement initiatives

The last brand strength survey conducted highlighted the value of Redefine’s engaged employee base, which are committed to delivering on Redefine’s brand promise and living our values.

We continuously re-assess our communications platforms, as we acknowledge the influx of communication that employees are exposed to, as well as the fast-changing environment of digitisation and trends in the way users consume information across platforms. Based on research that indicates the importance of multiple exposures to the same message to ensure engagement and understanding, our employee engagement plan ensures that information is packaged into campaigns and communicated across platforms and media. Information includes the company strategy and strategic objectives, key business projects and initiatives, brand positioning, brand awareness and ongoing human resources initiatives that form part of the employee lifecycle.

Our internal employee engagement programme is underpinned by the ethos:

- Heads up:** Is about knowledge: strategy, objectives and goals
- Hearts in:** Is about our employees’ passion: our values and how we behave
- Hands on:** Is a strong call-to-action: it’s in our employees’ hands



heads up hearts in hands on

From investment to involvement continued



Deepening our engagement with investors and funders

As providers of financial capital, our investors and funders are crucial to the growth and sustainability of our business. To support ongoing relationships of mutual benefit, we work to understand the needs and expectations of our providers of financial capital and to address their concerns.

During 2018, we revised our investor value proposition and broadened our communication channels to communicate not only the value proposition, but also key themes that underpin and demonstrate delivery. We continue with our in-depth engagement plan with investors and funders, including roadshows, presentations, breaking news and an annual investor perception survey. By considering the feedback we receive, and issues raised, we amend our engagement strategies on an ongoing basis.

During 2018, we realised the importance of a separate, formalised engagement strategy for our funders. Documenting and fine-tuning this was a key priority in 2019.

Our investor communication plan for the year ahead will focus on continuous demonstration of delivery on our strategy and will ensure ongoing communication to address investors' key concerns.



Reaching out to our brokers

Tenant attraction and retention are critical in our current subdued economic landscape. As tenant representation and consulting services offered to tenants by brokering houses become increasingly common, we appreciate that our relationships with both our tenants and the broker community must be nurtured. Therefore, our broker engagement strategy aims to facilitate two-way communication and foster stronger relationships.

Our broker engagement plan is packaged as our **REACH** programme, and includes initiatives such as quarterly newsletters, our **REACH** magazine, marketing campaigns such as brochures, desk drops and mailers, as well as quarterly experiences that happen throughout the year, such as driving experiences, golf outings and overnight getaways, among others. Furthermore, we provide an annual incentive trip for top-performing brokers to locations around the world. Our vacancy portal is another tool we use to facilitate engagement with our brokers.



Partnering with suppliers

To ensure our business aligns with our people-centric brand, it became increasingly evident that our suppliers, whom we rely on to deliver our value proposition to other stakeholders, including our tenants and shoppers, should be considered as critical representatives of our brand.

In 2019, we finalised our procurement strategy. Our change management programme aimed at implementing standard operating procedures regarding our procurement practices was implemented from November 2019. During 2019, we commenced work on an improved supplier engagement strategy for our broader supplier base. This includes a supplier on-boarding programme and communication plan that drives advocacy. This strategy will be finalised by the end of the 2020 financial year.



Participants of REACH in Vietnam

Delivering broad-based growth

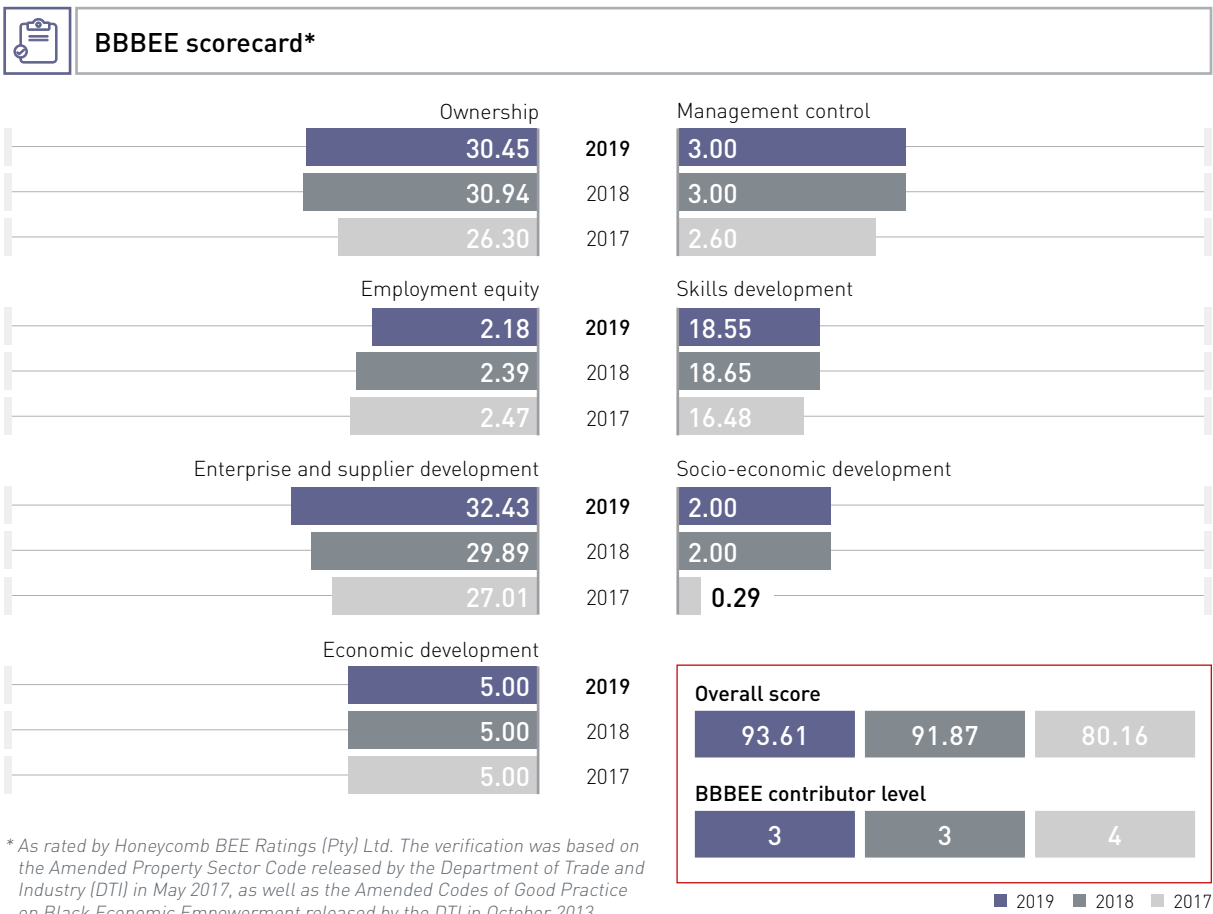
Our business sustainability and the stability of our social context are inherently interlinked. The socio-economic challenges facing our country are immense, and we are committed to contributing to meaningful social change. We seek to create long-lasting, robust and broad-based benefit for the broader South African society. By empowering South Africans through education, we believe that we can assist in overcoming the barriers to transformation and create the skills that the country needs.

In keeping with this focus, Redefine established an empowerment trust, issuing shares to the trust valued at approximately R3 billion. The trust, which has been structured as a capital-preserving trust, will continue in perpetuity. Its primary focus is on activities to improve education and training through the provision of scholarships, bursaries and community development programmes. The trust operates independently and is managed by external independent trustees and will commence with its activities once it has access to disposable income.

Our BBBEE performance during 2019

We acknowledge that transformation is key to our long-term growth and sustainability and while it plays a vital role in accessing business opportunities, it goes beyond mere compliance. In focusing on the achievement of our transformation strategy, Redefine will continue to contribute to the growth and transformation of the property sector and by extension South Africa.

In 2019 Redefine retained its Level 3 B-BBEE contributor status in accordance with the amended Property Sector Code. Although the 2019 operating environment was challenging and we anticipate that 2020 will present similar challenges, we will continue to drive the achievement of our greater transformation goals. These can only be delivered through concerted efforts that will be implemented throughout the group's operating model and backed by a strong transformation strategy. Efforts are already underway to do so through a number of initiatives specifically focused on areas such as preferential procurement, enterprise and supplier development, employment equity as well as skills development.



Empowering our people

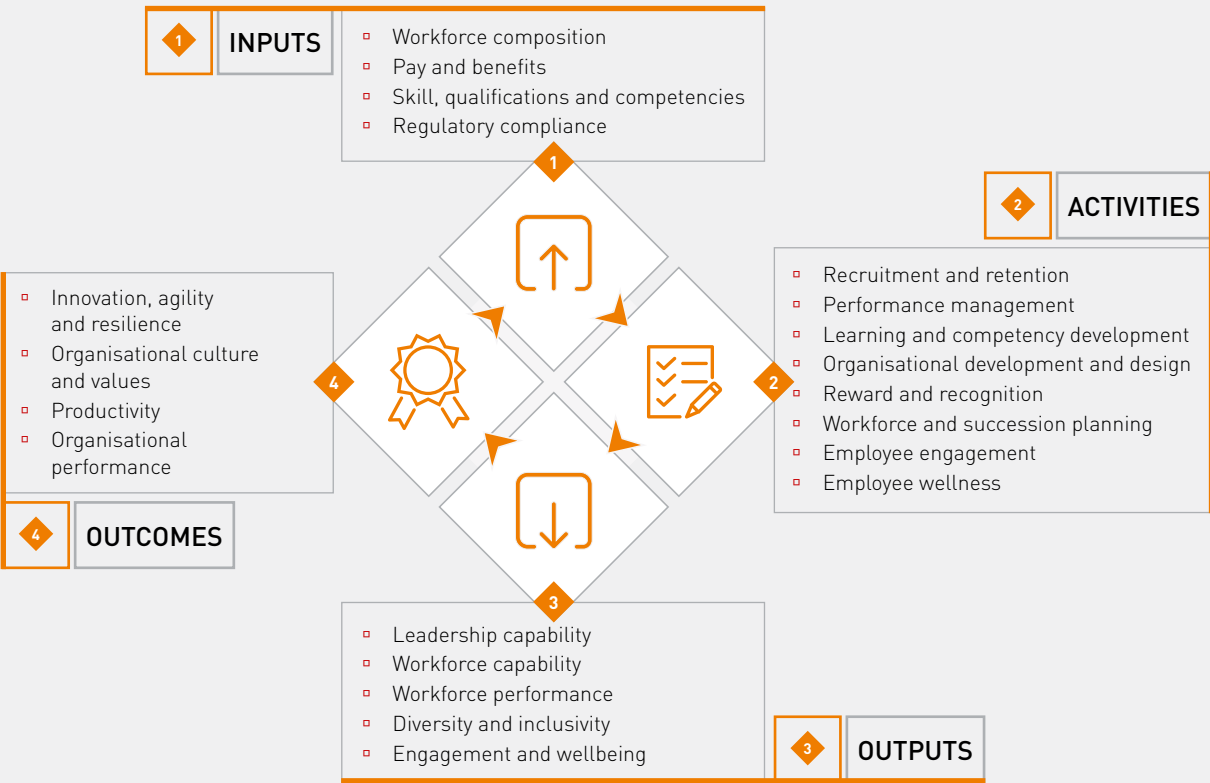
Our employees are the heart and soul of Redefine. By leveraging their knowledge, skills and attitude, we differentiate our business in the marketplace. Empowering our workforce is an important aspect of nurturing a high-performance culture.

At Redefine, we appreciate the value of motivating, inspiring and empowering our people with the appropriate knowledge to facilitate effective decision-making. We accept the notion that our whole is greater than the sum of our parts. Employee empowerment is about creating enabling environments where our people feel inspired to take initiative and action, while bringing energy and enthusiasm to every interaction with our clients and stakeholders, thereby consistently strengthening our brand reputation.

Our human capital strategy focuses on strengthening the capability, energy and integrity our people bring to their roles, which, in turn, contributes to the success of the business and maximises our stakeholder value.



Creating value through our people



Attracting and retaining top talent

Recruiting and developing high-performing individuals who have the right qualifications, know-how and people skills to align with our evolving business needs and our brand.

Our employee value proposition (EVP) is key to our ability to attract and retain talent as it demonstrates the value we offer to our employees as an employer, but also clearly articulates our expectations of our employees in return. During 2019, we implemented an awareness initiative aimed at providing information and insight into our updated employee benefits, which included financial and group risk benefits. Our focus is on fair and responsible remuneration for all our employees, and we benchmark pay between the median and 75th percentile of the market.

Our human capital policies support the delivery of our employee value proposition, including various leave policies to ensure we look after the mental, emotional and physical wellbeing of our staff and their families. In 2020, we will articulate our position on workplace flexibility.

Being an employer of choice

During 2019, we were recognised as a Top Employer in South Africa for the fifth consecutive year. The certification is hosted by the Top Employers Institute and comprises comprehensive research that scrutinises employee offerings across companies. The annual certification provides valuable feedback to Redefine, which allows us to benchmark our employee offering and ensure that we remain an employer of choice through continuous improvement.

Through the use of the HR Best Practices Survey, the Top Employers Institute conducts a detailed assessment of our people practices and policies. Questions focus on the following dimensions:

Leadership development	Learning and development
Performance management	Workforce planning
Career and succession management	Onboarding
Compensation and benefits	Talent strategy
	Culture

The results are validated, scored and benchmarked against our peers. The assessment demonstrated that Redefine provides an outstanding employment environment and offers a wide range of employee engagement initiatives, from employee benefits and working conditions to performance management programmes that are considered and aligned with our culture. We have improved our performance year on year by 1% and achieved an absolute score of 82% (2018: 81%).



Empowering our people continued

Growing engagement

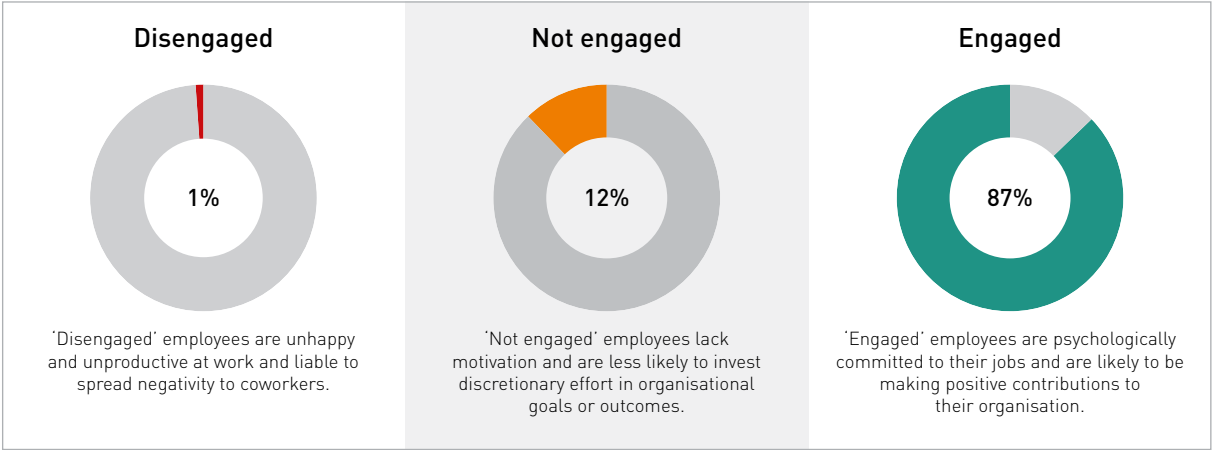
Our approach to employee engagement is fundamental to gaining an understanding of the relationship we have with our people. We aim to nurture an environment where employees are fulfilled by their work and feel enthusiastic and proud to work for Redefine. An engaged workforce greatly enhances our human capital value and positively contributes to our aspirations to remain an employer of choice. We regularly undertake employee engagement surveys to gain better insight into the levels of engagement in our organisation, and to identify areas for improvement.

During 2019, we evolved our approach to engagement surveys. For the reporting year, we opted to undertake a comprehensive baseline engagement survey, covering questions from all areas of our business. In future, we will undertake smaller pulse surveys to better understand areas for improvement identified by the baseline survey, and to identify new gaps that may arise. Pulse surveys are growing in popularity, not only because they are shorter and reduce the amount of time

it takes employees to give feedback, but also because they alter the frequency with which the surveys can be undertaken. In this way, pulse surveys can be used on an ongoing basis to track month-to-month engagement, and more targeted engagement on specific issues.

The results from the baseline 2019 survey indicated that our staff are highly engaged with a score of 87%. The survey was conducted in August, with 78% of the population surveyed completed the survey, ensuring the results can be viewed as credible and representative of the current levels of employee engagement. Although employee engagement scores differ across the globe, we benchmarked our scores against global, emerging and South African markets.

Redefine's engagement score is 87%, a meaningful improvement to our 2017 score of 77%, and significantly outperforming the global and South African benchmarks of 64%.



Around the world, employee engagement – a critical business metric – is declining. Due to a tight labour market in the United States, economic uncertainty in Europe, and business challenges in other parts of the world, global employee engagement scores dropped from 65% to 64%. The global decrease reflects the decline in engagement scores across most regions. Engagement scores decreased in Asia-Pacific by two percentage points, while Latin America and North America decreased by one percent – moving to 74% and 64% respectively. Europe, however, saw a slight improvement, increasing by one percent. In Africa, scores broadly correlated with those from other emerging markets, which tend to have higher employee engagement scores overall. East Africa experienced a 4% increase in regional engagement scores, while Southern Africa has decreased by 6%, and South Africa decreased by 5%. West Africa had the largest decrease, dropping by 9%.

Focusing on employee wellness

We take our responsibility to ensure the wellbeing of our employees seriously. Redefine's employee wellness efforts focus on securing a safe and healthy work environment for our people, which we believe empowers them to perform optimally while meeting our organisational objectives and health and safety requirements. We offer a variety of benefits to help support physical, financial and emotional wellbeing, and our employee wellness programme has been designed with specific objectives in mind.

- Objectives of the employee wellness programme include:**
- Promoting opportunities and guidance that enable employees to engage in effective management of their own physical, mental, spiritual, financial and social wellbeing
 - Enabling Redefine to manage all aspects of employee wellness that have the potential to negatively impact employees' ability to deliver on organisational objectives and to demonstrate the impact of wellness activities on the achievement of organisational objectives
 - Promoting a safe and healthy working environment in pursuit of optimal productivity and preservation of human life and health
 - Reducing employee risk arising from health and wellness issues
 - Containing health and wellness costs
 - Enhancing the EVP by means of promoting a culture of individual health and overall organisational wellness

We partner with an external corporate health and wellness company to ensure we offer our people the best support possible. We also have an employee assistance programme (EAP), which offers a range of services, including legal advice, counselling and financial assistance, to aid employees and their immediate families should they require support. All the services provided under the programme are free of charge to employees. The EAP also has an online health portal that includes information on topics such as chronic diseases, medication, acute illness and general health information. Furthermore, Redefine hosts an annual wellness day in all three major regions. At these events, our employees can undergo health screening with an onsite team of healthcare professionals, including voluntary HIV testing and counselling, blood pressure, cholesterol, glucose, and body mass index testing.

Ensuring a safe working environment

Ensuring the safety of our people is of utmost importance. We also acknowledge the safety and wellbeing of our people as drivers for employee engagement, retention, efficiency and our company reputation. The Occupational Health and Safety (OHS) Act sets out the requirements to ensure the health and safety of persons at work. We strive to meet and go beyond these requirements and aim to identify and mitigate the risks that may lead to health and safety incidents.

Redefine is committed to providing, as far as reasonably practicable, the health and safety of our employees and the

protection of all persons against hazards associated with our activities. We undertake to provide the necessary information, education, training and supervision to maintain a safe working environment, and we communicate any potential hazards and risks to work being performed. Effective health and safety can only be achieved through joint consultation and mutual participation. Redefine is committed to being proactive – anticipating, recognising, evaluating and controlling situations that potentially pose a risk – and strives to promote positive mental, physical and social wellbeing within the organisation.

2019 number of claims submitted to the Compensation Commissioner

Type of incident	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Total
Non-disabling	-	1	-	-	-	-	-	-	-	-	-	-	1
Disabling	-	-	-	-	-	-	-	-	-	-	-	-	-
Fatalities	-	-	-	-	-	-	-	-	-	-	-	-	-

2019 number of days lost in injuries

Type of incident	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Total
Injuries*	20	33	22	18	21	20	20	18	-	-	-	-	172
Occupational diseases	-	-	-	-	-	-	-	-	-	-	-	-	-

* The reported days lost in injuries for September to December are inclusive of an injury which occurred in August 2018 and was reported in the previous reporting period.

A values-driven corporate culture

Redefine's culture, and the values that it is driven by, form part of our strategic thinking. It is a critical component of our human capital management and involves establishing the primacy of our unique culture and values throughout the business.







Empowering our people continued

Entrenching ethics throughout the organisation

Our ability to demonstrate an exemplary track record in the management of ethics is the cornerstone of how we build trust with our employees and other stakeholders over time. We regularly conduct ethics surveys in the organisation and also consult external, independent parties to provide feedback on the health of our ethics management systems.

Our ethics management system rests on six pillars, namely: leadership, ethics goals and strategy, ethical standards and enforcement, ethics awareness and understanding, ethics assessment, and operational ethics: ethics in practice. The following table outlines our objectives, focus areas and progress for the 2019 reporting year:

Pillar	Principal	Objective	Progress	Focus area
01 Leadership				
	Lead to empower others	Develop sustainable stakeholder relationships and demonstrate responsible corporate citizenship	Ongoing ethics awareness training and leadership development	Ongoing ethics awareness training and leadership development
02 Ethics goals and strategy				
	Create and maintain a culture characterised by trust and accountability	Ethics is a primary organisational commitment	Ongoing	Develop a holistic strategy to improve and embed ethics throughout the organisation
03 Ethical standards and enforcement				
	'We walk the talk'	<div>Improve transparency in strategic decisions and operating activities</div> <div>Strengthen governance mechanisms and system of internal controls</div>	<div>Revised integrated risk and compliance framework, as well as corporate governance framework</div> <div>Fraud and corrupt activities framework and policy tabled for approval</div> <div>Procurement policy reviewed</div> <div>The Code of Business Conduct reviewed to ensure it gives effect to the company's commitment to ethics</div> <div>Employee disciplinary code reviewed, and management training provided</div> <div>Our values form part of performance management and serve as a guide during our recruitment process</div>	<div>Implement conflict of interest policy, supported by communication, training and ongoing awareness</div> <div>Review whistle-blowing policy, supported by awareness campaigns</div> <div>Supplier risk assessment</div> <div>Implement an annual letter of representation</div>
04 Ethics awareness and understanding				
	We are serious about ethics	Promote adherence to integrity, ethical behaviour and conduct management through consequence management for noncompliance	Platforms utilised to entrench our culture and values include: <ul style="list-style-type: none">on-boarding and induction processinternal communications	Ongoing reinforcement of organisational values

Pillar	Principal	Objective	Progress	Focus area
05 Ethics assessment				
	We understand our ethical status	Monitor the ethical status and performance of the company to identify interventions timeously	Year-on-year improvement on ethics survey rating from A to AAA*	Conduct annual assessments
06 Operational ethics: ethics in practice				
	Our values are the driving force in our organisation, to be authentic to who we are, and where we want to go	Support and empower all Redefine employees in the fight against unethical behaviour, financial crime, bribery and corruption, including increased support for whistle-blowers	<div>Ongoing ethics awareness training and leadership development</div> <div>Disciplinary action instituted against transgressors</div>	Ethics incorporated into key areas of the company's processes and functions
<div>Our ability to demonstrate an exemplary track record in ethics management is the cornerstone of how we build trust with our employees and other stakeholders over time. We regularly conduct ethics surveys in the organisation, and also consult external, independent parties to provide feedback on the health of our ethics management systems.</div> <div>*Redefine's overall ethics rating is measured on a scale from D to AAA, the latter being the best result.</div>				
<div>We conducted an ethics survey in November 2018 amongst our employees, 59% participated and we achieved an AA rating (previous years we achieved an A rating). We did the ethics survey again in November 2019, 60% of our employees participated and we achieved an AAA rating. The results demonstrate the strength of Redefine's ethical capital and supports our sound ethical reputation. The results also identified gaps where more attention is needed, while highlighting areas of exceptional performance.</div> <div>Looking ahead, Redefine will leverage its strong ethical position through leadership in the industry. We also acknowledge our responsibility to uphold our ethics performance, and to continue building on the positive results we achieved.</div>				
Respecting human rights				
<div>Our people-centric approach informs how we conduct our relationships. We are committed to upholding the human rights of every person involved in our business. We subscribe to the principles of the International Labour Organisation (ILO), and we uphold and commit to the 10 principles set out in the United Nations Global Compact (UNGC), and support the observance of human rights as set out in the Universal Declaration of Human Rights. In addition, our code of ethics outlines our approach to human rights and supports our intention to make sustainability an integral part of our day-to-day operations. Furthermore, we respect the inherent value of our people and view discrimination as a severe transgression of their rights and, as such, a dismissible offence. Our disciplinary policy prioritises employees' rights, and our sexual harassment policy prohibits such behaviour as a form of discrimination.</div>				
Embedding the principle of decent work				
<div>According to the ILO, decent work can be defined as the aspirations of people in their working lives. It involves:</div> <ul style="list-style-type: none">Opportunities for work that is productive and delivers a fair incomeSecurity in the workplace and social protection for familiesBetter prospects for personal development and social integrationFreedom for people to express their concerns, organise and participate in the decisions that affect their livesEquality of opportunity and treatment for all women and men <div>Redefine supports the decent work agenda and the ILO's four strategic objectives. These include:</div>				
<div>1 Employment creation</div> <div>An economy that generates opportunities for investment, entrepreneurship, skills development, job creation and sustainable livelihoods</div>				
<div>3 Promoting social dialogue and tripartism</div> <div>Involving strong and independent workers' and employers' organisations is central to increasing productivity, avoiding disputes at work and building cohesive societies</div>				
<div>2 International labour standards and fundamental principles and rights at work</div> <div>Obtaining recognition and respect for the rights of workers. All workers, and in particular disadvantaged or poor workers, need representation, participation and laws that work for their interests</div>				
<div>4 Social protection</div> <div>To promote both inclusion and productivity by ensuring that women and men enjoy working conditions that are safe, allow adequate free time and rest, take into account family and social values, provide for adequate compensation in case of lost or reduced income, and permit access to adequate healthcare</div>				

Empowering our people continued

Redefine adapted the framework from the ILO’s Tripartite Meeting of Experts on the Measurement of Decent Work to cover ten substantive elements which are closely linked to the four strategic pillars of the decent work agenda. These indicators provide Redefine with a framework to monitor decent work in an integrated manner and to gain insight into potential gaps.

The indicators include:

01	Employment opportunities	06	Stability and security of work
02	Adequate earnings and productive work	07	Equal opportunity and treatment in employment
03	Decent working time	08	Safe work environment
04	Combining work, family and personal life	09	Social security
05	Work that should be abolished	10	Social dialogue, employers’ and workers’ representation

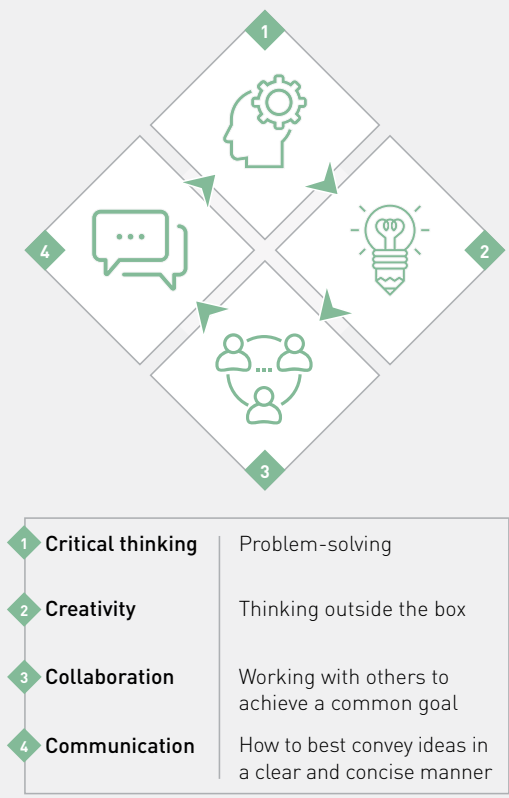
Growing employee capabilities

We are passionate about creating an enabling environment for our employees to thrive. When our people feel empowered to be productive and effective in their day-to-day activities, the organisation benefits through improved levels of employee engagement and performance. Redefine seeks to cultivate a balance between leadership and functional capabilities, recognising that we need to be effective at all levels in the organisation for our company to succeed. We also aim to align our employees’ capabilities with our strategic goals to meet our objectives.

Preparing for the changing world of work

The world is changing at a rapid pace. The global trends that will define the world of work by 2025 are characterised by increased acceleration in various areas, including technology, the knowledge economy, globalisation, carbon resources, demographic challenges and social trends. In South Africa, intensifying economic, social, and political disruptions are forcing organisations to move beyond mission statements and social impact programmes, and to bring meaning back into the workplace.

To thrive in this constantly changing environment, we have identified four competencies as being the most relevant to achieving success. Redefine is passionate about nurturing these competencies and we invest in developing:



Source: Partnership for 21st Century Skills – adapted

As part of this journey in preparing for a new and exciting world of work, we have begun our journey of modernising our human resource (HR) systems to improve engagement. We have implemented new systems on our journey to modernise HR, which includes the following:

- Implemented integrated HR Information Management System (HRIMS)
- Implemented, as part of the new HRIMS, a new employee self-service portal
- Implemented new performance management system
- Implemented a learner management system
- Online reward and recognition platform

Furthermore, as we prepare for a changing world of work, we believe that focusing on people, not jobs, is key to the sustainability of our business. We remain focused on building change capability by encouraging open communication, facilitating collaboration, making information clear and available, and fostering an approach to decision-making that is based on assurance and self-confidence.

Supporting a culture of learning and development

Redefine is committed to making financial resources available for training and staff development. We use a blended approach of on-the-job training, digital learning, coaching, workshops, structured programmes (including learnerships and graduate programmes) and study bursaries for tertiary education. We have set our annual training target at 80% of the workforce to attend a minimum of one training event in the year. This also enables us to identify, transfer and develop scarce or critical skills to optimise competence in areas of our business.

Training programmes include functional and technical training relevant to the employee’s role, soft skills and behavioural programmes and leadership development.

Line managers, together with our HR team, seek to understand the individual aspirations of our employees through ongoing feedback and communication. We map personal development plans and career paths in consultation with our employees, who are encouraged to take accountability for identifying opportunities and initiating career development conversations.



* Course costs and other costs such as travel, accommodation, catering, venue.
** Direct cost and salaries of qualifying categories.

Redefine’s training and development policy:

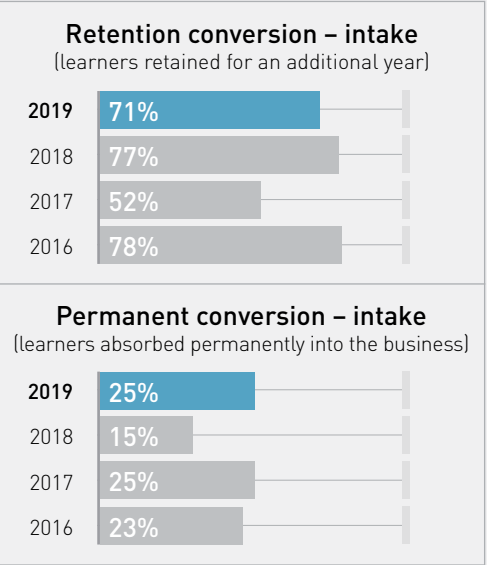
- Develop our staff, without prejudice and discrimination
- Allow our staff to progress to full qualifications in the work that they do
- Ensure the highest possible quality of training by ensuring the accreditation status of training providers used
- Allow flexibility for staff to progress in their career path development

Gaining valuable work experience

For the past seven years, our learnership programme has created exciting opportunities for participants, while also growing the pool of skilled entrants into our sector. Successful applicants gain work experience at Redefine for one year while also earning a salary. Learners obtain a recognised qualification in business administration and practical industry-related experience. The learnership programme comprises structured learning at National Qualifications Framework levels 2 and 4, as well as practical on-the-job training in all facets of property management. The programme started with only five learners in 2013, growing in popularity, with 1 200 applications received for this year. Through a rigorous selection process, we facilitated the intake of 21 new learners and 16 permanent employees. To date, 197 learners have graduated, including 49 learners graduating in 2019. Over the years, our learnership programme has highlighted that corporate companies can play a meaningful role in the development of skills and capability in society.

Our retention conversion rate encapsulates the learners we retained for an additional year. Learners are afforded an equal opportunity to participate in the group’s internal recruitment processes, and top-performing learners are identified and integrated into the business. These instances would be defined as permanent conversions. We also extended the programme to include full-time Redefine employees who may have the necessary experience in a particular field but lack the qualification to move to an area of greater responsibility, and therefore increased remuneration. We proudly uphold this initiative as an example of how we demonstrate growing our people in a way that meets the needs of employees, as well as the business.

Every **leader** was once a **learner**



Empowering our people continued


The Mentorship Challenge

We extended *The Mentorship Challenge* to benefit all our employees at Redefine. Employees can be mentored by any mentor, inside or outside of Redefine, as well as impart their knowledge to mentees. We've also refined our online registration process, which allows us to ensure that our employees are matched with a mentor that aligns with their learning and development plans.



Managers to Mentors leadership programme

This year, we launched the *Managers to Mentors* leadership programme for line managers in Redefine. These monthly sessions are attended by our senior management team, during which they are exposed to leadership, coaching and guidance on how to become effective mentors. Furthermore, guests from *The Mentorship Challenge* show are invited to provide insight on relevant topics.



Both the *The Mentorship Challenge* and the *Managers to Mentors* leadership programmes aim to fulfil our main human resources objectives of upskilling our people and entrenching a learning culture throughout the group.

Promoting leadership development throughout the organisation

Redefine has a deep appreciation for the role that effective leadership plays in the success of our business. We are committed to investing in leadership development to increase self-awareness and build the relational skills of our existing leadership pool. We also continuously identify emerging leaders to grow their understanding of the organisational leadership style and effectively implement succession planning to secure our long-term future.

360° Leadership survey

We use a 360° leadership survey to measure the effectiveness of our leadership team. The survey is designed to assess the level of responsible leadership displayed by senior leaders, to evaluate their commitment to Redefine's values, and to assess individual performance against leadership competencies.

Building leadership from within

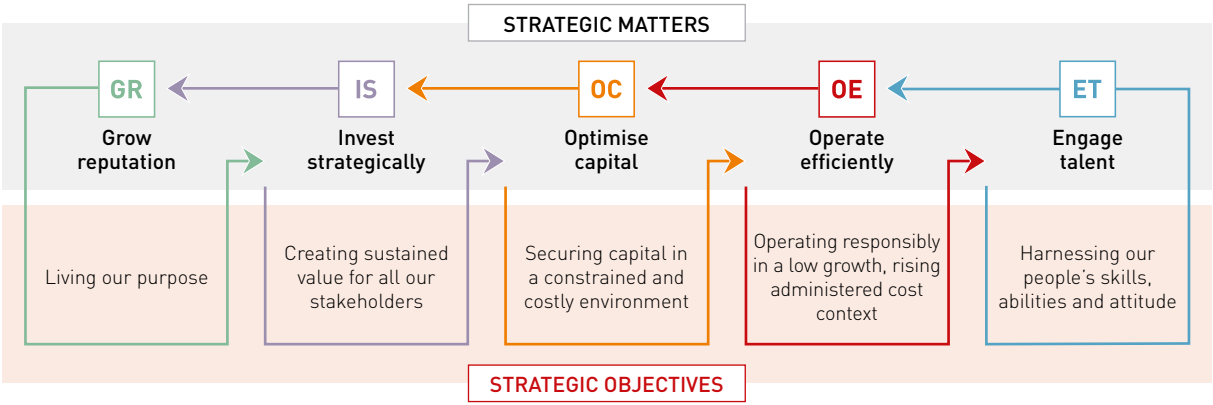
During the previous reporting year, we implemented the Strengths Deployment Inventory (SDI) programme at senior management level to enable leaders to improve their self-awareness and to adopt the value of collaboration. The aim of this initiative was to realise how each team member's behaviour influences the overall team dynamic and, therein, to help create and build trust, to understand and manage conflict in a more appropriate manner, and to better optimise each team member's contribution to the team.

Supporting a high-performance culture

Redefine's performance review policy

- Conduct bi-annual performance reviews
- Strategic matters form the basis to determine outputs required for business and individual success
- KPAs, supported by KPIs, are clearly defined, cascaded and communicated to ensure that, as a business, we meet our targets to deliver on objectives
- Support and encourage employees to develop themselves
- Initiate personal development plans for employees to focus on areas that will assist them to perform at their peak in their current roles, and achieve their personal career goals
- Co-design career paths for individuals

Redefine recognises the integrated nature of employee performance management and a holistic work system that defines our interactions with employees. We acknowledge the learning opportunity in each of these interactions and understand it as a crucial component of ensuring we all remain focused on what matters most. By clearly communicating our strategic goals, we elevate our expectations and the accountability we expect from our employees. To achieve this alignment, we have embedded our strategic matters and objectives throughout the organisation. Strategic matters are articulated as KPAs and KPIs to measure the achievement of performance targets against a predetermined set of goals. The process of clarifying business expectations and refining KPIs is continuous, ensuring roles and responsibilities are clearly defined.



Celebrating our employees' brilliance

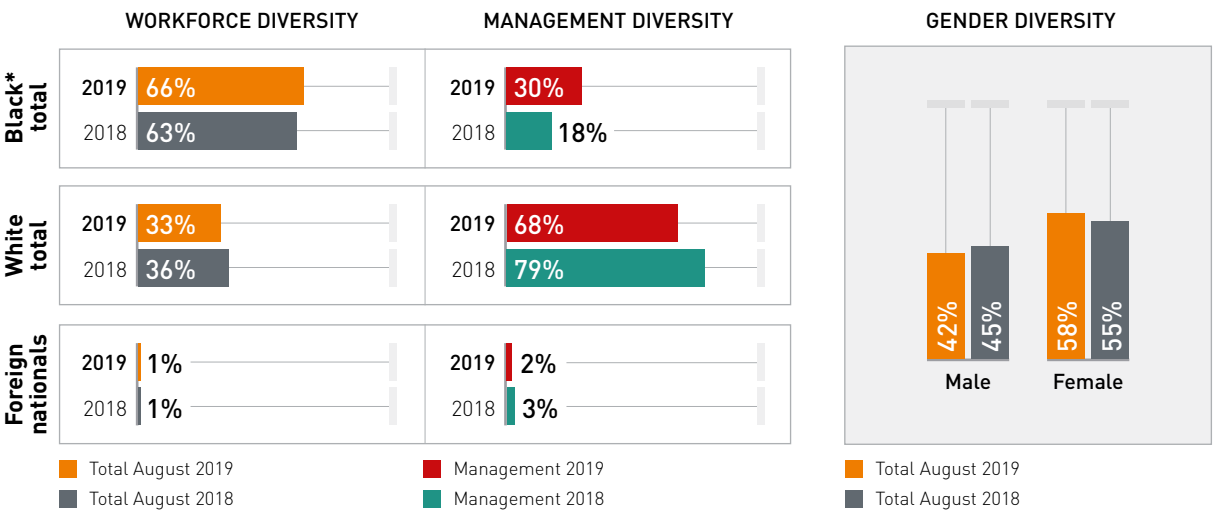
The Celebrating Brilliance Awards are designed to recognise effective performance. We appreciate the value of rewards and recognition as a means of increasing employee engagement and creating a robust culture. Our employees are our greatest assets, and maintaining mutually beneficial relationships with our people gives rise to the effective implementation of our strategy and securing our future. By presenting employees with monetary and non-monetary rewards, we create a workforce that is our partner in success.



Growing our organisational capabilities through transformation

Ensuring a diverse and inclusive workplace is more than just a legal and moral obligation, and Redefine accepts inclusivity as an essential component of remaining competitive in the marketplace. The unique identities and experiences of our people bring balance and perspective to our functional and leadership teams, boosting effectiveness and resilience. Diversity is a major driver of innovation, while an inclusive workplace provides equal opportunity for all. An ongoing challenge to our transformation efforts is the impact of employee transfers and resourcing models.

As a consequence of the shortage of skills, we are looking for talent beyond the sector, and we continue to focus on growing talent that complements our transformation efforts through initiatives such as our learnership programme, leadership development and other internal development programmes – focusing on people, not jobs. We do not tolerate discrimination in any form, and our human capital policies are in support of this commitment.



* Black is made up of African, Coloured and Indian employees.

For more information on our overall performance with regard to BBBEE, see **page 45**. We support the principles of inclusivity and promote equal opportunity among all our employees. We have adopted a board diversity policy to ensure that, over time, we promote gender diversity among the board and senior management. For more information on our board diversity, see **pages 67-70**.

enterprise **innovate**
operate create **impact**
build grow



“

We view diversity from a **holistic perspective**...

”

Sipho M Pityana

Chairman of Redefine's board of directors

engage **lead**
lead flourish
dream create collaborate

Our governance landscape

Creating spaces to... lead

Operating in a business environment fraught with distrust, Redefine is committed to upholding ethical and effective leadership by entrenching leading governance practices in the business.

“An essential part of bridging the trust deficit is raising the levels of transparency and integrity in governance, and continuing to engage meaningfully with stakeholders,” says Sipho M Pityana, chairman of Redefine's board of directors.

An integral part of this journey is the establishment of a high-functioning and effective board. “We view diversity from a holistic perspective,” explains Sipho. “We reflect on independence, skills, experience, race and gender, among other aspects.”

Four years ago, Redefine embarked on a journey towards a more independent board and, at the same time, made great strides in broadening its diversity and skills base – not merely complying with regulatory requirements but weaving a golden thread that binds all elements of its value creation story together.

Over the past three years, Redefine has beaten its own voluntary target of 40% female representation and 50% black representation on the board; today, the board is 56% female and more than 67% black.

“Our board members are independent thinkers with the right skills to ask the difficult questions that enable them to keep the interests of stakeholders front of mind,” Sipho points out.

This active, integrated approach to governance is precisely the dynamic that Redefine seeks to foster – and continuously improve upon.

lead, verb

‘be a route or means of access to a particular place or in a particular direction’



Corporate governance

Value creation through the application of good governance principles

The board, in its capacity as the custodian of governance, leads the company, ethically and effectively, towards the goal of improving the trust and confidence of stakeholders and reducing the cost of capitals. The board's governing structures, processes and actions, coupled with the mindful realisation of desired governance outcomes, enable and support the company's value creation process in the short, medium and long term.

The board takes collective responsibility for its primary governance role and responsibilities, and recognises that the execution thereof allows for more informed approval and monitoring of strategy, and an ongoing and conscious focus on the company's positive efforts in relation to society and the environment in which it operates. The company's governance framework provides a solid foundation for the implementation of King IV and, on a continuous basis, the board applies these recommended principles in support of the company's value creation process.

Our governance report provides a detailed narrative of the company's application of the King IV principles. We do not follow a tick box approach to governance but are committed to creating a culture of continuous improvement of our governance practices. Where principles are only partially applied, we provide explanations as to how we plan to achieve full application going forward. These explanations are set out in boxes titled "Opportunity to grow value."

Leadership, ethics and corporate citizenship

Leadership

Principle 1

The board leads the company ethically and effectively

Board members lead the company with integrity and competence, and in a manner that is responsible, accountable, fair and transparent, to ensure leadership that results in the achievement of the company's strategic objectives and positive outcomes over time. The directors understand that ethical and effective leadership complement and reinforce each other. By setting an example of doing business responsibly, they demonstrate their continued commitment to the company's values and to the ethical conduct the company embraces.

Responding to the challenging economic, political and social environment in which the company is operating, it is of crucial importance for the board to create an ethically conducive culture. To this end, the board assumes ultimate responsibility for the company's ethical performance by ensuring a sound strategy and business offering, ethical leadership and a commonly accepted and lived set of values. The board similarly holds management accountable for the implementation of the company's ethical framework. These qualities, in turn, lead to effective governance, risk and compliance management practices, and provide reassurance that the company is effectively managing business risks and identifying opportunities.

Members of the board individually and collectively cultivate these ethical characteristics and exhibit them in their conduct by, among others, the following:

Declarations of conflicts of interest and related-party transactions	Insider trading and dealing in company securities
<p>Timeously informing the board of actual or potential conflicts of interest that they may have in relation to particular items of business or other directorships. Comprehensive registers of individual directors' interests in and outside the company are maintained, updated annually and noted by the board and its committees at each board meeting. Where there are conflicts of interest, these are minuted and the affected director/s recused from the relevant debate and/or decisions.</p> <p>The company's conflicts of interest policy and supporting procedures were reviewed and improved during 2019 and prescribed declaration forms widely communicated to employees. Digitalisation of the process assists in maintaining the highest possible standards of ethical conduct.</p> <p>Significant related-party transactions and related-party relationships, where control exists, are monitored and overseen by the audit committee and disclosed in detail on page 99 of the company's [AFS], in accordance with IAS 24.</p>	<p>Adhering to the company's policy on insider trading and dealing in securities, which prohibits directors from using their positions or confidential and price-sensitive information to achieve a benefit for themselves or any other related parties, and further prohibits directors and employees from trading in securities during closed periods.</p> <p>The company secretary regularly informs directors and employees of insider trading legislation and advises them of closed periods. Directors' dealings are disclosed in accordance with the JSE Listings Requirements.</p>

Induction, training and development

Participating in the company's induction and ongoing training and development programme. The programme, administered by the company secretary, with the support of the nomination and governance committee, ensures that directors are adequately briefed and have the requisite knowledge of the company, its operations, the triple context within which it operates, as well as the capitals it uses and effects. Directors similarly receive informative updates and training throughout their tenure, which assists in keeping them abreast of economic, regulatory and industry trends, and continuously develops their competence to lead effectively.

During 2019, directors participated and/or received training on the following topics:

<div>01</div> Directors' continuing obligations under the JSE Listings Requirements	<div>05</div> Board reporting and information flow	<div>09</div> <p>JSE listed real estate overview:</p> <ul style="list-style-type: none">Current developments in the regulatory framework which governs the South African listed property sectorThe current state of the South African equity capital markets
<div>02</div> REIT tax legislation	<div>06</div> Risk oversight responsibilities and obligations and risk trends in 2019	
<div>03</div> Executive and non-executive remuneration trends	<div>07</div> Redefine remuneration policy overview/induction	
<div>04</div> Ethics trends in 2019	<div>08</div> JSE Listings Requirements applicable to REITs	

The board and its members are held to account for ethical and effective leadership through annual performance evaluations which monitor, among others, the board's effectiveness as a team, as well as the commitment, performance and ethical characteristics of its individual directors. Board members are similarly bound by the terms and conditions of the company's code of business conduct and other ethics policies, as referred to below.

Organisational ethics

Principle 2

The board governs the ethics of the company in a way that supports the establishment of an ethical culture

The social, ethics and transformation committee plays a key role in exercising oversight of the company's ethics, and ensures that the board is sufficiently equipped to deliver on its goal of having a sustainable ethical culture. Although this responsibility has been delegated, the board remains accountable for the way in which same is discharged.

Corporate values and culture

The company's success depends predominantly on maintaining a good reputation, and the board ensures that the company conducts its business dealings in an ethical manner, in accordance with applicable laws, rules and regulations, and that its activities are governed by the following corporate values:

Governance is supported by the tone at the top, the example that the board and management set and the values and behaviours embraced by all employees. The company's values are cultivated and adopted by all employees and encapsulate the company's culture, shape its principles and inform employees' behaviour.

Corporate governance continued

Code of business conduct and other ethics policies

The board approves the company’s formal code of business conduct and ethics-related policies, which are central to the growth and sustainability of the company, and are designed to assist employees in making ethical decisions. The policies address the key ethical risks of the company, define how employees should conduct themselves as representatives of the company, and address employees’ responsibilities to various stakeholders and the broader society. The policies are published on the company’s internal media platforms, are included in employee induction and training programmes, and are incorporated in employment contracts. Similarly, the policies are incorporated in the company’s procurement strategy and, by reference, in supplier contracts.

The company’s ethics policies include grievance mechanisms, as well as a whistle-blowing policy, offering several anonymous and secure avenues for reporting unethical conduct. The company is committed to protecting whistle-blowers from occupational detriment on account of having made protected disclosures, and undertakes to treat any and all disclosures confidentially, in a manner that prevents prejudice and/or disadvantage to the disclosing party.

The social, ethics and transformation committee oversees material reports regarding unethical conduct and continues its efforts to ensure that independent, objective and fair courses of action are taken in such instances.

September 2018 – August 2019

Procurement (nepotism)	6
Procurement (bribery)	4
Third-party conduct	2
Sexual harassment	1
Client service	1

The trends identified in the reports of unethical behaviour received, referred and/or investigated by the committee during the 2019 financial year, are set out alongside.

Of the 14 reports received, three investigations remain in progress. The fully investigated matters resulted in one allegation being confirmed. Where investigations conclude with a finding/s against an employee/s, 100% of these cases result in disciplinary action.

Gift declaration

In helping the company maintain and grow trust-based partnerships, the board has adopted a gifts policy which is reviewed on an annual basis. On the recommendation of internal audit, the gift declaration process was optimised to make it more efficient and various communications were disseminated to employees to raise awareness of the importance of solid ethics.

The following rules apply in this regard:

- 01 All gifts received or given must be declared
- 02 For the purpose of the policy, the definition of gifts includes invitations to shows, functions or events
- 03 All gifts with a value of R2 000 or more must be authorised by executive management in writing before giving or accepting the gift
- 04 Compliance with the policy is mandatory and non-compliance could lead to disciplinary action

What to do when you receive a gift



A present from a service provider

Can I accept it?

Declare all gifts via the 'Declaring gifts' tab on the intranet. If the gift is worth **R2 000+** get written approval before you accept.

It's as simple as that.

What should I do?

Ethics programme

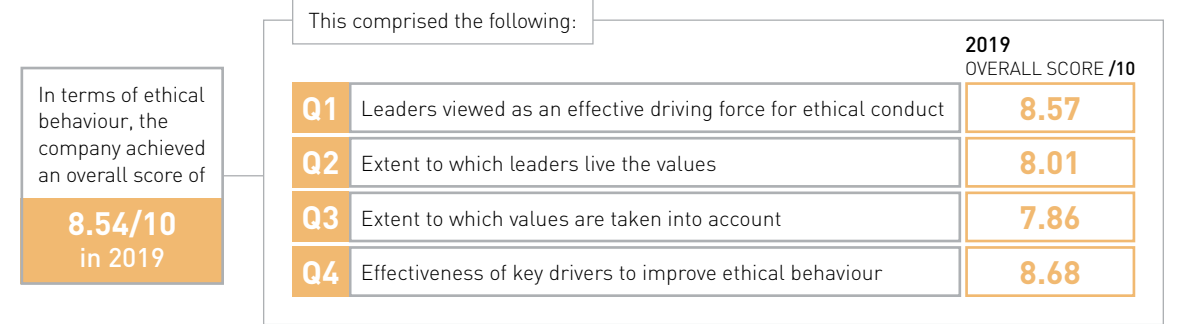
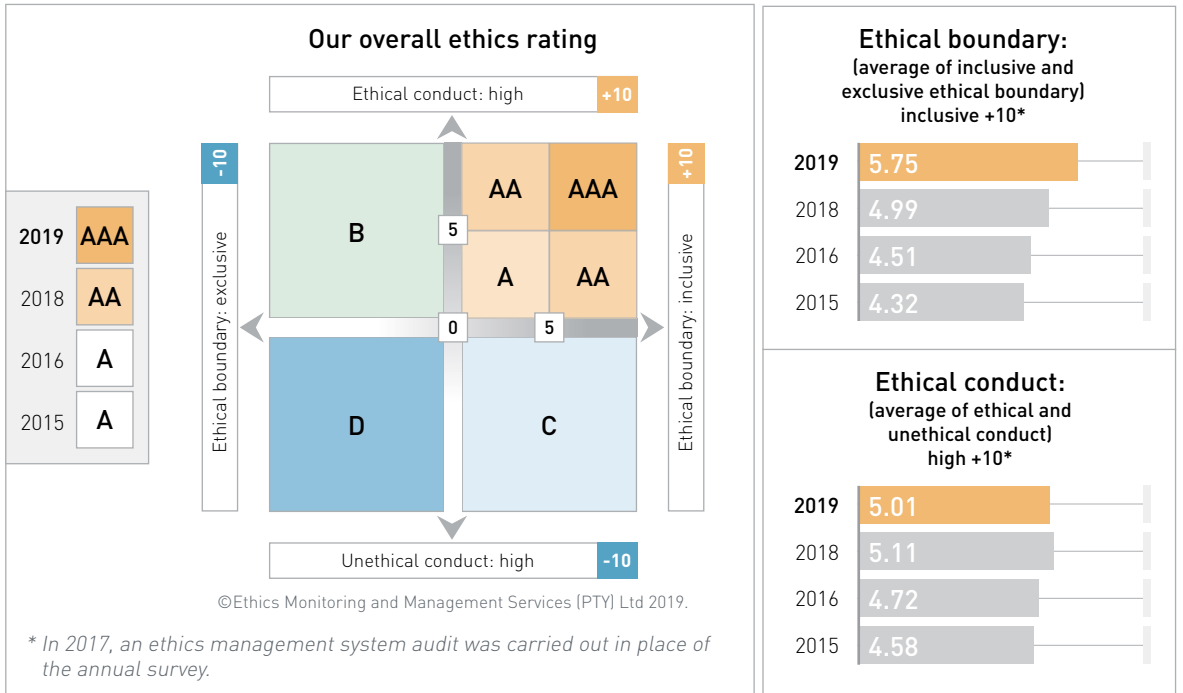
The company’s ethics programme (including whistle-blowing mechanisms and management of the independent ethics reporting line), coupled with management’s dedicated effort to create awareness, as well as detect and resolve ethical violations and provide training on ethics and anti-competitive behaviour, contribute to a strong ethical foundation. Ethical risks and opportunities are incorporated into risk management and investment processes, and ethical standards are applied to the evaluation, recognition and reward of employees by linking key performance indicators to living the company’s values.

The company’s sexual harassment policy confirms the stance that harassment and abusive behaviour are not tolerated. Moreover, facilitation payments and anti-competitive practices are prohibited.

Assessment of adherence to ethical standards

Periodic independent assessments are conducted in order to monitor adherence to the company’s ethical standards by employees and other stakeholders. The company conducts annual ethics surveys in partnership with ethics monitoring and management services (Ethics Monitor), and carries out ethics management system audits on a three-year rolling cycle. Such audits establish the depth and clarity of leaders’ understanding of ethics and, specifically, the extent of ethical practices within the company.

In respect of the 2019 financial year, the company achieved an overall ethics rating of AAA, indicative of a high level of ethical capital and supportive of the company’s sound ethical reputation. The company’s annual ethics ratings from 2015 to date are set out in the table below:



Pride in the company, and being part of a company with a good reputation, were noted as the strongest drivers of ethical conduct throughout the company. In terms of unethical behaviour, the company achieved an overall score of -2.05, with incidents of unethical behaviour recorded at -2.03. Drivers to reduce misconduct improved on prior years and incidents of misconduct declined.

The mandate of the internal audit function includes evaluating the company’s governance processes, including ethics and the tone at the top, and is a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities. The 2019 internal ethics review received an overall report rating of satisfactory, with recommendations relating to the digitisation of conflicts of interest and gift declaration processes, as previously mentioned.

Corporate governance continued

Responsible corporate citizenship

Principle 3

The board ensures that the company is and is seen to be a responsible corporate citizen

The company benefits by serving the internal and external stakeholders with a material stake in the activities of the company, as well as the broader society it affects. In line with this ethos, the board understands that the company is required to take responsibility for the outcomes of the company's activities and outputs on the social systems within which the company operates, as well as the natural environment on which society depends. Through stakeholder engagement and collaboration, the company has committed to understanding and being responsive to the interests and expectations of stakeholders, and to partnering with them in finding lasting solutions to sustainability challenges.

In line with its role of overseeing the company's conduct, the board approves the company's values, strategy, strategic objectives and key performance indicators, ensuring that these are congruent with the company being a responsible corporate citizen. It is imperative that the company be a values-driven organisation that delivers on the South African transformation agenda and fulfils its legal and moral obligations as a good corporate citizen.

The board embraces, supports and enacts, within its sphere of influence, the principles of the United Nations Global Compact (UNGC) in the areas of human rights, labour standards, the environment and anti-corruption, and follows the Organisation of Economic Co-operation and Development (OECD)'s recommendations regarding corruption. The board believes that integrating environmental, social and governance concerns into the everyday business of the organisation results in responsible corporate citizenship and sustainable development.

Accordingly, the board is conscious of and active in its role of aiding the achievement of the following four global sustainable development goals (SDGs), which it believes are most relevant to the company in the long term:

Our four SDGs to which we believe we can contribute the most

8 DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Industry, innovation and infrastructure

11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable cities and communities

13 CLIMATE ACTION

Climate action

1

Developing future tenants

3

Integrating business innovation

5

Embracing community focus

2

Building skills capacity

4

Enhancing experiences

6

Minimising environmental impact

During 2020, the board will inform and approve measurable targets for the company's contributions towards the aforementioned SDGs, and the following indicators will guide its actions in this regard:

63

Through its various committees, the board oversees and monitors how the operations and activities of the company affect its corporate citizenship status. This is measured against performance targets that have been agreed with management in support of the company's strategic objectives. Similarly, the company's operational transformation committee assists in ensuring that the company maintains a workplace supportive of transformation, and that the development of employees promotes investment programmes that lead to meaningful participation in the economy by rural and local communities, as well as upholding preferential procurement principles.

During 2019, the company maintained its responsible corporate citizenship status from an environmental, social and governance perspective by, among others:

	Environmental	Carbon emissions savings from our solar installations for the year are equivalent to taking approximately 7 340 passenger cars off the road	Expanded external waste management to office buildings as part of our Green Star programme	Continue to install various technologies such as online monitoring and leak detection, smart shutoff valves and sensors in bathrooms to reduce water consumption
	Social	International Council of Shopping Centres Solal award for the Innovation Challenge	Centurion Mall and Kyalami Corner won gold at Footprint Marketing Awards 2019	233 stakeholders engaged with the second <i>Challenge Convention</i> at Maponya Mall
	Governance	Improved board independence with the appointments of Sipho M Pityana and Daisy Naidoo . 100% of non-executive directors are independent and 56% of the board is female	3rd in EY Excellence in Integrated Reporting Awards 2019	Focus on embedding IT governance standards and aligning IT services with current and future business needs

The environmental and social landscape sections of this report detail the company's progress against its priorities and sustainability framework within the context of:

- employment equity, fair and responsible remuneration and the safety, health, dignity and development of employees
- economic transformation, prevention, detection and response to fraud and corruption
- consumer protection, community development and the protection of human rights
- energy and water security, environmental compliance and waste management

Certain of the board's mindful governance processes in this regard are highlighted below:

Responsible retirement <p>The board understands that inadequate planning for retirement may fuel anxiety and fear, undermine productivity and amplify populism. In response, it has chosen to embrace a greater responsibility to help employees navigate retirement and in so doing, create not only a more stable and engaged workforce, but also a more economically secure population in the places in which the company operates.</p> <p>In its capacity as a responsible employer, the board resolved that 1% of employees' annual salary increases must be allocated towards increasing mandatory providend fund contributions in order to enforce increased retirement investment over time.</p>	Tax transparency <p>The board ensured that the company not only complied with all applicable tax arrangements, but also had a strong governance process and full transparency around its tax policy and tax arrangements. Risks relating to increased regulation across all relevant jurisdictions were similarly considered on a continuous basis, ensuring responsible corporate tax behaviour on the part of the company.</p> <p>By virtue of REIT tax legislation, the company did not incur local income tax, but contributed approximately R710 million in VAT and PAYE to the local economy in 2019.</p>
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Applied

Partially applied

Not applied yet

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Health and safety

The board monitored the company’s health and safety statistics for employees, as well as contractors. Details regarding employee health and safety statistics are set out on [page 49](#).

During the 12 months ended 31 August 2019, in respect of contractors covering 23 active development sites, the company experienced two occupational health and safety-related incidents and lost 15 working days as a result thereof, equalling a monthly average of 0.0072 incidents (industry average: 0.58) and 0.054 (industry average: 0.09) days, respectively.

September 2018 – August 2019: Incidents on site													
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Non-disabling	–	1	–	–	–	–	–	–	–	–	–	–	1
Disabling	–	–	–	–	–	–	–	–	–	–	–	1	1
Fatalities	–	–	–	–	–	–	–	–	–	–	–	–	0

September 2018 – August 2019: Days lost on site due to incidents													
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Non-disabling	–	1	–	–	–	–	–	–	–	–	–	–	1
Disabling	–	–	–	–	–	–	–	–	–	–	–	14	14
Fatalities	–	–	–	–	–	–	–	–	–	–	–	–	0

Stringent enforcement of the Occupational Health and Safety Act 85 of 1993 and the Construction Regulations 2014 has earned the company a reputation as one of the most occupational health and safety-aware and diligent developers within the listed property sector.

Political contributions

The board has adopted a discretionary approach to making political donations or contributions in the countries in which the company operates. Political donations must be permitted by local laws and regulations, and can only be made to a political party or a political organisation and not to individual political candidates.

Political donations require the presentation of a strong business case on the basis of particular local circumstances, and the procedures set out in the company’s policy must be strictly observed.

No political donations or contributions were made during the 2019 financial year.

Strategy, performance and reporting

Principle 4

The board appreciates that the company’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

The board assumes collective responsibility for the performance of the company and for:

Strategy

Policy

Oversight

Accountability

It informs and approves the company’s core purpose, values and strategy on an annual basis. With the support of the various committees, the board oversees and monitors the implementation and execution by management of the policies and procedures developed to give effect to the approved strategy, and assesses the achievement of the company’s strategic objectives and positive outcomes against agreed key performance targets. More details about the company’s performance against its 2019 strategic objectives are reported in the integrated report.

The company’s value creation process demonstrates the relationship between the various elements involved in achieving the company’s stakeholder goals. By gaining an in-depth understanding of all the factors that impact the company’s ability to create sustainable value for all stakeholders, the board is able to plan and adjust the business in a constantly changing environment, overcome challenges and exploit opportunities.

During its annual strategic planning session in September 2019, the board identified the following four trends that it expected to significantly impact the company going forward:

Uncertain geopolitical and socio-economic growth factors

Disruptive technologies reshaping traditional business models

Evolving role of business in creating a prosperous and sustainable society

Heightened demands on governance and regulatory context

In response thereto, and taking into consideration the company’s five strategic matters, it informed and approved the company’s long-term strategy, developed to ensure that management is in a position to seize the opportunities and mitigate the risks associated with each trend. This long-term strategy, in turn, informed the company’s short- to medium-term strategy, ensuring alignment across the business.

SHORT- AND MEDIUM- TERM STRATEGIC PRIORITIES

GR

IS

OC

OE

ET

Grow reputation

Invest strategically

Optimise capital

Operate efficiently

Engage talent

Living our purpose

Creating sustained value for all our stakeholders

Securing capital in a constrained and costly environment

Operating responsibly in a low growth, rising administered cost context

Harnessing our people’s skills, abilities and attitude

STRATEGIC OBJECTIVES

LONG-TERM STRATEGIC PRIORITIES

Our four SDGs to which we believe we can contribute the most

8

Decent work and economic growth

9

Industry, innovation and infrastructure

11

Sustainable cities and communities

13

Climate action

By considering future sustainability and ESG factors, the board builds value.

It continues to broaden its interpretation of sustainability, looking beyond environmental considerations

It continues to deepen its understanding of our stakeholders’ needs, while managing their impact on the company and the company’s impact on them

It focuses on proactively managing and enhancing the company’s reputation

Applied Partially applied Not applied yet

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Going concern status

On an annual basis and as and when dividends are paid, the audit committee reviews management’s documented assessment of the company’s going concern premise. Upon the recommendation of the audit committee, the board confirms that the company is solvent and liquid and is therefore a going concern.

Reporting

Principle 5 The board ensures that reports issued by the company enable stakeholders to make informed assessments of the company’s performance, and its short-, medium- and long-term prospects

Through the audit committee (supported by the adopted combined assurance framework), the board ensures that the necessary controls are in place to verify and safeguard the integrity of the company’s annual reports and other disclosures. Management’s determination of reporting frameworks, standards and materiality are approved by the audit committee to ensure compliance with legal requirements and relevance to stakeholders.

In the 2019 financial year, the company’s reporting suite was compiled in accordance with the following:

- The International Integrated Reporting <IR> Framework
- The Companies Act, No 71 of 2008, as amended (Companies Act)
- The JSE Limited Listings Requirements
- King IV Report on Corporate Governance for South Africa 2016 (King IV)
- International Financial Reporting Standards (IFRS)

The audit committee oversees the integrated reporting process and similarly reviews the annual financial statements. The board seeks to provide all stakeholders with timeous and relevant information to enable accurate assessments of the performance and prospects of the organisation. Company updates and financial information are distributed via various channels, and relevant information, including, among others, corporate governance disclosures, integrated and sustainability reports and annual financial statements are published on the Redefine website.

The board ensures high-quality disclosure of the company’s financial and operating results. It enriches the usefulness of these disclosures by providing further explanation on critical accounting estimates, in addition to the disclosure required by IFRS. In 2019, management was required to make significant judgements/assumptions in terms of the following:

- Investment properties and properties under development
- Goodwill
- Impairment of and accounting for investments in associates
- Business combinations versus asset acquisitions
- Control versus significant influence

Information on these key estimates and assumptions is set out in the notes to the financial statements.

The board reviews the financial statements and approves and presents them to shareholders. The board believes that the 2019 financial statements accurately present the financial status of the company and that all subsidiaries and affiliated entities, subject to consolidation, have been properly consolidated and presented.

East Rand Mall, Boksburg

Governing structures and delegation

Primary role and responsibilities of the board

Principle 6 The board serves as the focal point and custodian of corporate governance in the company

The board believes that good governance contributes to sustained value creation and improves the trust and confidence of the company’s stakeholders. An account of the activities of the board during the 2019 financial year, is set out in the company’s integrated report and describes how the board has applied principles of good governance in order to enable and support the company’s value creation process.

Board charter

The roles and responsibilities of the board and of individual directors are set out in the board charter which is aligned with the provisions of relevant statutory and regulatory requirements and is reviewed annually. The charter regulates the parameters within which the board operates and ensures the application of the principles of good governance in all its dealings.

Board access to information and resources

Directors have unrestricted access to executive management and company information, as well as the resources required to carry out their duties and responsibilities. Access to external specialist advice is available to directors at the company’s expense, in terms of the board-approved policy on independent professional advice. No independent professional advice was sought by the directors during the 2019 financial year.

Meeting attendance

During the 2019 financial year, board and committee meetings were held quarterly, in line with the group’s financial reporting cycle. A separate two-day risk and strategy workshop was held in September 2019. All directors **attended 100%** of the meetings of the board and the committees on which they served during the 2019 financial year.

Composition of the board

Principle 7 The board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The board believes that good governance contributes to value creation in the short, medium and long term, and improves the trust and confidence of the company’s stakeholders. An account of the work done by the board during the 2019 financial year is set out in the company’s integrated report and describes how the board has applied principles of good governance in order to enable and support the company’s value creation process.

Changes to board composition in 2019




During May 2019, **Sipho M Pityana** was appointed as the company’s independent non-executive chairman, replacing **Marc Wainer**. **Marc** remained on the board in an executive capacity until his retirement on 31 August 2019, and ensured a structured handover and seamless transition to **Sipho**.

Considering the need for enhanced risk, corporate governance and accounting expertise on the board following the resignation of **Sindi Zilwa** in April 2019, **Daisy Naidoo** was appointed as an independent non-executive director in August 2019.

By virtue of his age and length of tenure, **Bernie Nackan** retired by rotation in February 2019 and decided not to make himself available for re-election. Similarly, following a tenure in excess of 9 years, **Harish Mehta** resigned from the board in November 2019.

Board composition and diversity statistics, set out on **pages 68-70** and as and when referred to throughout the **IR** and remainder of this report, reflect the composition of the refreshed board post the changes above.

Corporate governance continued

Leadership roles and functions	
Sipho MPityana , an independent non-executive chairman, leads the board in the objective and effective discharge of its governance role and responsibilities. Bridgitte Mathews , the lead independent non-executive director, strengthens the independence of the board and leads in the absence of the chair. The role of the chairman is distinct and separate from that of the chief executive officer (CEO), and the separation of responsibilities is designed to ensure that no single person has unfettered decision-making powers, and that appropriate balances of power and authority exist on the board. Two members of executive management, namely the CEO and the financial director (FD), serve on the board so as to ensure that non-executive directors have more than one point of direct interaction with management at all times.	
 Chairman	Responsible for leading the board and for ensuring the integrity and effectiveness of the board and its committees. Ensures high standards of corporate governance and ethical behaviour.
 Lead independent non-executive director	Maintains the effectiveness of the board by providing leadership and advice when the chairperson has a conflict of interest, without detracting from or undermining his authority. Provides support to the chairperson, is available as a trusted intermediary for the other directors, as necessary, and chairs a meeting of the non-executive directors at which the performance of the chairperson is considered.
 CEO	Responsible for the effective management and running of the company's business in terms of the strategies and objectives approved by the board. Chairs the company's executive committee, leads and motivates the management team and ensures that the board receives accurate, timely and clear information about the company's performance.

Composition
The board is constituted in terms of the company's Memorandum of Incorporation (MOI) and in line with King IV. The board comprises an appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.
While the board does not have a firm policy on the number of board positions a director may hold, the nomination and governance committee is mandated to make judgments on whether or not directors are overcommitted. This ensures the ability of directors and key executives to meet their commitments and effectively fulfill their responsibilities.

Opportunity to grow value through enhanced skills diversity
During 2019, the new chairman led a review of the board's composition, with a specific focus on diversity of skills, experience and expertise, having regard to the company's purpose, future prospects and changing external environment. Directors' specific skills and areas of expertise were plotted in a skills matrix in order to identify gaps or areas requiring due consideration going forward.
The skills matrix emphasises technology, data governance and innovation, as well as property investment and asset management. These areas of expertise were similarly noted as gaps in the skills matrix, and will be addressed by the appointment of a suitable non-executive director in due course. Environmental sustainability and climate change were similarly highlighted as strategic areas of expertise for the company, that could be further bolstered.
Bolstered skills diversity will promote better decision-making and effective governance in the future.

The below skills matrix indicates the gaps referred to above:

	SP	BM	MB	AD	NLR	DN	LS	AK	LK	Total %
Knowledge and skill										
Leadership	■	■		■	■	■	■	■	■	89
Financial literacy	■	■				■	■	■	■	67
Risk and opportunity management	■	■	■			■	■	■	■	78
Taxation		■				■	■	■	■	56
Compliance and governance	■	■			■	■	■	■	■	78
Technology and information governance				■					■	22
Environmental sustainability and climate change	■				■		■			33
Human resources	■				■		■	■	■	56
Sales and marketing	■		■	■			■	■		56
Property investment or asset management			■					■	■	33
Experience										
Board experience	■	■	■	■	■	■	■	■	■	100
Board chair experience	■	■					■			22

Diversity of age

Executive directors are required to retire from the board at age 65 and, unless otherwise agreed by the board, non-executive directors are required to retire at age 70. Executive directors are subject to three-month notice periods.

Average age

51 years

Younger than 60 years

78%

Board size

The board should be sizeable enough to promote accountability and encourage healthy, constructive debate and decision-making, while meeting regulatory and MOI requirements. It should encourage participation and a sense of responsibility.

2019

9

Independence

While all directors have a duty to act with independence of mind and in the best interests of the company, perceptual independence is judged from the perspective of a reasonable and informed third party. The nomination and governance committee oversees the assessment process for directors' independence for board approval, and the review considers director performance and factors that may impair independence, including prevailing circumstances and directors' interests, whether perceived or actual. The approved assessment process includes self-assessment by each director, as well as consideration of each director's circumstances, by the board.

In 2019, and following a rigorous annual review, the board concluded that all non-executive directors continued to be independent in character, demonstrated behaviour, contribution to board deliberations and judgment. By virtue of stakeholders' perceptions regarding Harish Mehta's shareholding in the company, the board continued to classify him as a non-independent non-executive director until his resignation in November 2019.

Currently, the majority of the company's board members are independent non-executive directors:

77

non-executives are independent

Applied

Partially applied

Not applied yet

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Gender and racial diversity

The board has adopted policies for the promotion of gender and racial diversity at board level and reports annually on how these policies have been considered and applied. The company's gender diversity policy promotes a voluntary target of 40% female representation on the board over a three-year period, while the racial diversity policy promotes a voluntary target of 50% black representation on the board over the same period.

The board has met its gender and racial diversity targets:

Gender

2019	56%
2018	50%
2017	30%

Female Male

Race

2019	67%
2018	60%
2017	40%

Black White

Board refreshment and succession

The board understands that careful management and refreshment of its members is vital for the effective functioning of the board. Through the nomination and governance committee, and taking into account the company's strategy and future needs, as non-executive directors retire, candidates with requisite attributes, skills and experience are identified to ensure that the board's competence and balance are maintained and enhanced.

Provision has been made for periodic, staggered rotation of board members to ensure the introduction of members with new expertise and perspectives while retaining valuable knowledge, skills and experience, and maintaining continuity. Succession plans similarly make provision for the identification, mentorship and development of future members.

Board refreshment

Succession and tenure + Rotation plans + Retirement age + Annual board evaluations + Skills matrix

NEW

NON-EXECUTIVE DIRECTORS

9

Over a five-year period

7

RETIRED/RESIGNED

NON-EXECUTIVE DIRECTORS

Succession and diversity of tenure

Years	Number of non-executive directors
< 1	2
1 - 3	3
3 - 6	2

Average tenure

1.9 years

Succession plans make provision for the identification, mentorship and development of future members.

Appointment, rotation and re-election of directors

The nomination of directors has been delegated to the nomination and governance committee, which recommends the appointment of new directors for approval by the board. Such appointments are formal and transparent, and the selection process is conducted under the guidance of an approved policy. The nomination and governance committee proposes directors to the board on the basis of their skills, knowledge and experience, taking into account racial and gender diversity targets, and ensures that the board is able to lead the company and its business activities, in line with the principles of King IV, in a manner that promotes the achievement of its governance outcomes over time.

In accordance with the company's MOI and at each annual general meeting (AGM), one third of the company's directors are subject to retirement by rotation and re-election by shareholders. The directors to retire every year are, firstly, those who have been appointed to fill a casual vacancy or an additional appointment to the board and, secondly, those who have been longest in the office since their last election. Notwithstanding the foregoing, if at the date of any AGM any director will have:

01

held office for a period of three years since his/her last election or appointment

02

reached the age of 70 years, and/or

03

held office for an aggregate period of nine years since his/her first election or appointment,

then such director shall retire at such AGM, either as one of the directors to retire in pursuance to the foregoing or additionally thereto.

As detailed in the notice of AGM, Sipho M Pityana, Daisy Naidoo, Leon Kok and Bridgitte Mathews are due to retire by rotation at the company's AGM in February 2020, in accordance with these requirements. Brief CVs for each director standing for election or re-election at the AGM accompany the AGM notice.

Where applicable, a rigorous review of the independence and performance of independent non-executive directors serving more than nine years is undertaken by the board.

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Committees of the board

Principle 8

The board ensures that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of duties

Governance structure and delegation

The company's governance structure and delegation provisions enhance independent judgment, ensure sustainable execution of strategy, and create opportunities to leverage off directors' special expertise in areas such as audit, risk management, sustainability and executive remuneration. The board delegates authority to the following established board committees, as well as to the CEO, with clearly defined mandates.

SHAREHOLDERS

BOARD

SUB-COMMITTEES

EXCO

MANCO

STAKEHOLDERS

REGULATORS

Committees

AC

Audit committee

RC

Risk, compliance and technology committee

REM

Remuneration committee

NOM

Nomination and governance committee

SET

Social, ethics and transformation committee

IC

Investment committee

Powers specifically retained by the board relate to, among others:

strategic planning

risk and opportunity identification

executive management selection

oversight and compensation of executive management

succession planning

reporting and communication with shareholders

integrity of financial controls

general legal compliance

Financial authority thresholds			
Delegated financial authority thresholds insofar as same relate to acquisitions, disposals, developments and capex are approved by the board on an annual basis, post recommendation by the investment committee. These thresholds are set out below:			
Category	Redefine board	Redefine investment committee	Redefine executive committee
Acquisitions	> R750 million per transaction	≤ R750 million and > R200 million per transaction	≤ R200 million per transaction
Disposals	> R750 million per transaction	≤ R750 million and > R200 million per transaction	≤ R200 million per transaction
Developments	> R750 million per transaction	≤ R750 million and > R200 million per transaction	≤ R200 million per transaction
Extensions, refurbishments and capex	> R750 million per transaction	≤ R750 million and > R200 million per transaction	≤ R200 million per transaction

Applied

Partially applied

Not applied yet

Overview

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Our social landscape

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Corporate governance continued

Committee composition, responsibilities and terms of reference

The committees are appropriately constituted, and members are appointed by the board with the exception of the audit committee, whose members are nominated by the board and elected by shareholders. External advisors, executive directors and members of management attend committee meetings either by standing invitation or on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility.

Details regarding the full roles, responsibilities and composition of the board committees are set out below. The responsibilities delegated to these committees are formally documented in the terms of reference for each committee, which are approved by the board and reviewed on an annual basis.

After each committee meeting, committee chairs report back to the board, which facilitates transparent communication between directors and ensures that all aspects of the board’s mandate are addressed. The board remains satisfied that the committees are competent to deal with the company’s current and emerging risks and opportunities and that they effectively discharged their duties during the 2019 financial year.

AC

Audit committee

Composition and meeting procedures

At all times during the financial year, the committee comprised three independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act. As a collective and having regard to the size and circumstances of the company, the committee was adequately skilled, and all members possessed the appropriate financial and related qualifications, skills, financial expertise and experience required to discharge their responsibilities.

The committee met on four occasions, which meetings were scheduled in line with the company’s financial reporting cycle. The committee also met separately with the internal and external auditors and held a number of *ad hoc* meetings in order to review and recommend the approval of the company’s integrated report, and similarly to consider and assess the company’s ability to exercise control of EPP N.V.

During the period 1 September 2018 to date, the committee comprised:

Daisy Naidoo
(Chair)

Bridgitte Mathews

Lesego Sennelo

Ntombi Langa-Royds

Sindi Zilwa

CURRENT

PAST

Attendance

100%

100%

100%

100%

100%

1

1

meetings

4

4

meetings

4

4

meetings

1

1

1

1

October 2019

November 2018

November 2018

June 2019
October 2019

November 2018
April 2019

■ Appointed

■ Resigned

In accordance with section 94(6) of the Companies Act, Ntombi Langa-Royds was appointed as a temporary member of the committee in June 2019, replacing Sindi Zilwa whose resignation from the board in April 2019 resulted in a vacancy on the committee. Sindi served on the committee from November 2018 until April 2019.

Pursuant to the above and following the appointment of Daisy Naidoo to the board in August 2019, Daisy was appointed as a permanent member of the committee with effect from October 2019, replacing Bridgitte Mathews as its chairperson. At the same time, Ntombi’s temporary appointment to the committee came to an end.

Regular invitees

Chairman

Chief executive officer

Financial director

Chief operating officer

Head of finance

Internal auditor

External auditors

Head of risk and compliance

Our focus areas for 2019

During the financial year, the committee primarily focussed on:

01

Financial matters

02

External audit-related matters, including the external audit transition from KPMG to PwC

03

Internal audit matters

04

Governance functional areas

The committee spent its time as follows:

20%

15%

40%

10%

15%

External audit-related matters

Internal audit matters

Financial reporting and accounting practices, including a review of the group’s finance function

Governance functional areas

Internal financial controls

Value creation in 2020

While the committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to receive the committee’s attention during 2020:

Tax governance and group rationalisation

IFRS 16 implementation

Maturing and bedding down the combined assurance approach

The audit committee’s full report detailing, among others the manner in which the committee fully discharged its responsibilities in the 2019 financial year, is set out on **page 5-8** in the [AFS](#).





Corporate governance continued

RC Risk, compliance and technology committee

Composition and meeting procedures

At all times during the financial year, the committee comprised three independent non-executive directors. The chairperson and members of the committee were elected by the board, and all members were suitably qualified and had the necessary expertise required to discharge their responsibilities. The committee met on four occasions, which meetings were scheduled in line with the company's financial reporting cycle.

During the period 1 September 2018 to date, the committee comprised:

Attendance				
	Lesego Sennelo (Chair)	Amanda Dambuza	Daisy Naidoo	Sindi Zilwa
	CURRENT			PAST
	100% 4/4 meetings November 2018	100% 4/4 meetings November 2018	100% 1/1 meetings October 2019	100% 1/1 meetings November 2018 April 2019

■ Appointed ■ Resigned

Sindi Zilwa served as the chair of the committee from November 2018 until her resignation from the board in April 2019. Lesego Sennelo assumed the role of acting chair from April 2019 until October 2019, when she was formally appointed by the board as chair of the committee. Daisy Naidoo was similarly appointed as a permanent member of the committee with effect from October 2019.

Regular invitees

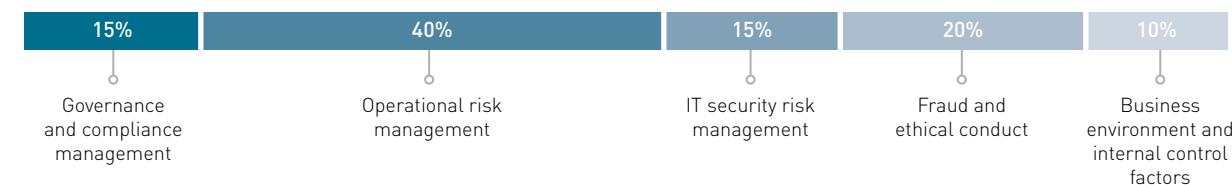
- Chairman
- Financial director
- Internal auditor
- Head of risk and compliance
- Chief executive officer
- Chief operating officer
- External auditors

Our focus areas for 2019

During the financial year, the committee primarily focussed on:

01	Governance and compliance management	04	Operational risk management
02	IT security risk management	05	Fraud and ethical conduct
03	Business environment and internal control factors		

The committee spent its time as follows:



Value creation in 2020

While the committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to receive the committee's attention during 2020:

- Oversight of the company's technology and information management strategy
- Implementation and embedment of group-wide IT frameworks and policies
- Alignment of IT services with current and future business needs
- Compliance framework and methodology implementation
- Cyber security resilience

REM Remuneration committee

Composition and meeting procedures

At all times during the financial year, the committee comprised at least three non-executive directors, the majority of whom were independent. The chairperson and members of the committee were elected by the board, and all members were suitably qualified and had the necessary expertise required to discharge their responsibilities.

The committee met on four occasions, which meetings were scheduled in line with the company's financial reporting cycle. The committee also held *ad hoc* meetings in order to deliberate the retirement of Marc Wainer and the vesting outcomes of awards due to him.

The remuneration committees' full report detailing, among others, the manner in which the committee fully discharged its responsibilities in the 2019 financial year, is set out on **pages 90 - 96**.

Corporate governance continued

NOM Nomination and governance committee

Composition and meeting procedures

At all times during the financial year, the committee comprised three non-executive directors, the majority of whom were independent. The chairperson and members of the committee were elected by the board, and all members were suitably qualified and had the necessary expertise required to discharge their responsibilities.

The committee met on four occasions, which meetings were scheduled in line with the company's financial reporting cycle. The committee also held *ad hoc* meetings in order to deliberate the retirement of Marc Wainer from the role of executive chairman, monitor the transition from the executive to the non-executive chairman, and similarly to consider the appointment of Daisy Naidoo.

In addition to its mandate, the committee operates in terms of the company's director appointment policy which guides the formal, transparent, fair and consistent conduct of the nomination and election process of members to the board. It similarly complies with all relevant legislation, regulation and governance codes:

During the period 1 September 2018 to date, the committee comprised:

Attendance					
	Sipho M Pityana (Chair)	Amanda Dambuza	Ntombi Langa-Royds	Bridgitte Mathews	Harish Mehta
	CURRENT			PAST	
	100%	100%	100%	100%	100%
	2/2 meetings	1/1 meetings	4/4 meetings	3/3 meetings	2/2 meetings
	May 2019	October 2019	November 2018	February 2017 October 2019	July 2013 July 2019
■ Appointed ■ Resigned					

Harish Mehta served as the chair of the committee from November 2018 until May 2019 when Sipho M Pityana was appointed as chairman of the board and accordingly assumed the role of committee chair. Thereafter, Harish remained a member of the committee until his resignation therefrom at the end of July 2019. Amanda Dambuza was formally appointed as a member of the committee in October 2019, replacing Bridgitte Mathews.

Regular invitees

- Chief executive officer
- Financial director
- Head of human resources

Our focus areas for 2019

During the financial year, the committee primarily focussed on:

- 01

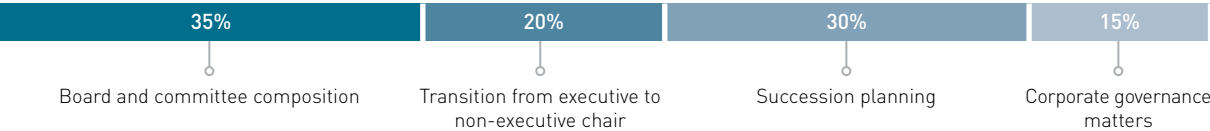
Ensuring a structured handover and seamless transition from Marc Wainer to Sipho M Pityana
- 02

Board and committee composition, with a specific focus bolstering independence and ensuring diversity of skills and expertise
- 03

Succession planning for board members and senior executives
- 04

Corporate governance matters including the monitoring of related-party transactions, conflicts of interest and directors dealings in company securities

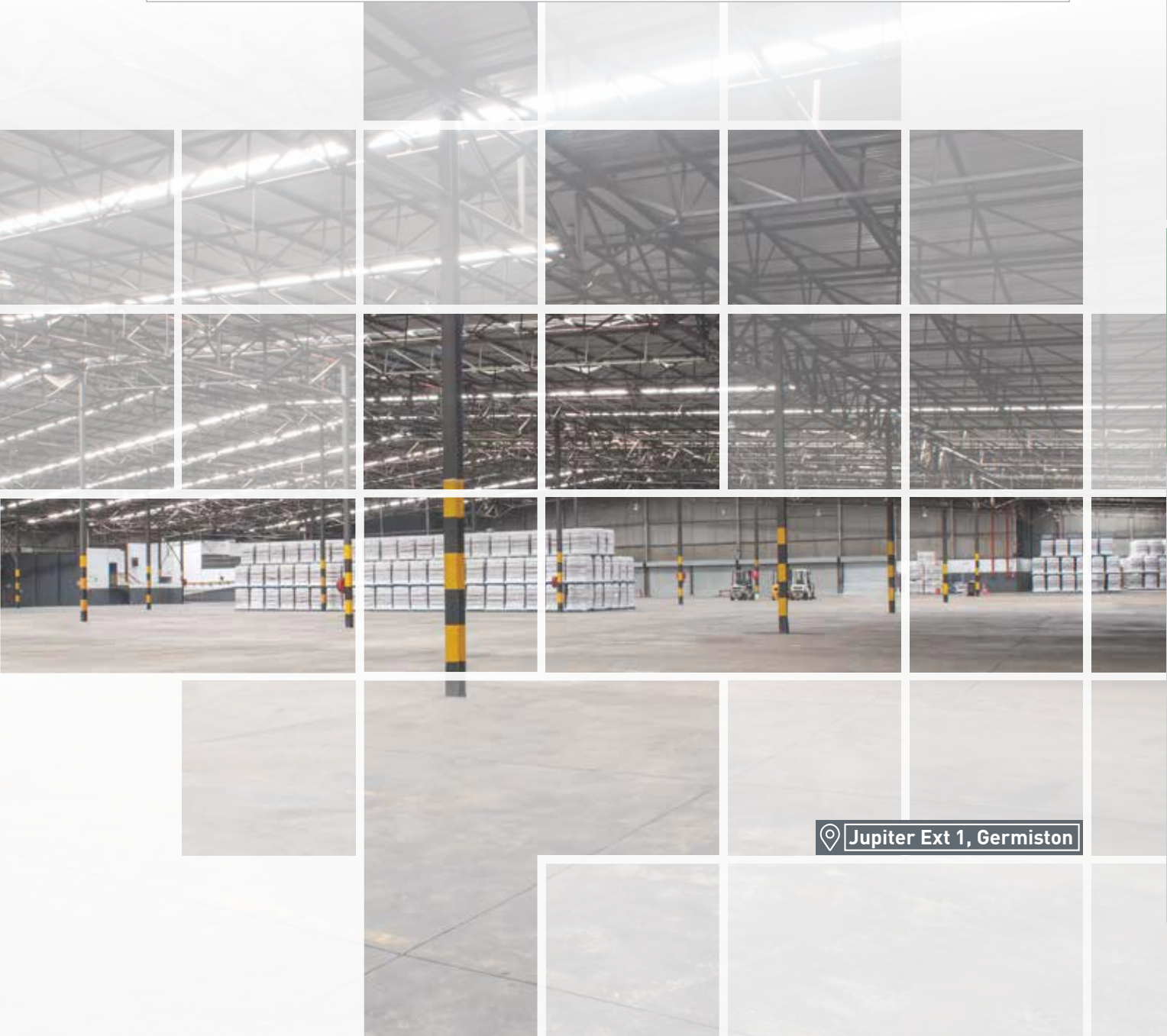
The committee spent its time as follows:



Value creation in 2020

While the committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to receive the committee's attention during 2020:

- The appointment of a new independent non-executive director to replace Harish Mehta, and the appointment of and transition to a new COO
- Director training and development, emphasising expertise gaps
- Monitoring of conflicts of interest, related-party transactions and director independence



Corporate governance continued

SET Social, ethics and transformation committee

Composition and meeting procedures

The committee is constituted as a statutory committee in terms of its duties set out in sections 72(4) and (5) of the Companies Act and its associated regulations. Despite being a statutory committee, it is constituted by the board and fulfils the required functions on behalf of the company and all its subsidiaries.

The committee performs an oversight and monitoring role with regard to overall direction and control of social responsibility performance and ensures that the company’s business is conducted in an ethical and properly governed manner.

- Relevant management members are invited to attend the committee’s meetings to obtain guidance and report back on the company’s performance with regard to:
- Legal and regulatory affairs

Ethics and compliance

BBBEE

Consumer affairs, whistle-blowing lines, investigations and human resources

Sustainability and corporate affairs

The committee complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of King IV. The committee met on four occasions. These meetings were scheduled in line with the company’s financial reporting cycle.



Sindi Zilwa served as a member of the committee from November 2018 until her resignation from the board in April 2019. Bridgitte Mathews was appointed as a permanent member of the committee with effect from October 2019.

Regular invitees

- Chief executive officer

Financial director

Development director
- Head of human resources

Head of marketing and communications
- Head of utilities

Head of risk and compliance

Internal audit

Our focus areas for 2019

During the financial year, the committee primarily focussed on:

- 01

Transformation
- 02

Social and economic development
- 03

Ethical conduct
- 04

Good corporate citizenship
- 05

Sustainability
- 06

Stakeholder engagement
- Maintaining appropriate policies and providing guidance with regards to transformation initiatives for approval by the board, including Racial and Gender Diversity Policies in line with the JSE Listings Requirements

Monitoring the implementation of transformation policies, practices and procedures, to ensure compliance with current and evolving legislation and related regulations in South Africa, with particular reference to the Board Based Black Economic Empowerment Act of 2003 and the Employment Equity Act

Monitoring the social and economic development of the company, including the company’s standing in terms of the goals and principles set out in the United Nations Global Compact Principles and the Organisation for Economic Co-operation and Development’s recommendations regarding corruption

Reviewing and approving the company’s code of conduct and all policies and procedures in relation thereto

Overseeing the implementation of annual ethics surveys, used to assess the company’s ethical status in relation to both internal and external stakeholders

Monitoring the promotion of equality, prevention of unfair discrimination and reduction of corruption

Considering the company’s contribution to the development of the communities in which its activities are predominately conducted

Considering sponsorship, donations and charitable giving

Considering the environment, health and public safety, including the impact of the company’s activities thereon

Considering the company’s standing in terms of the International Labour Organisation Protocol on decent work and working conditions

Monitoring employment relationships and the company’s contribution towards the educational development of its employees

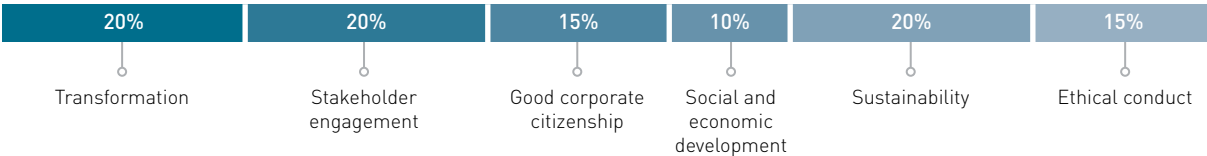
Reviewing workplace health and safety issues in accordance with the Health and Safety Act 85 of 1993

Considering the top sustainability issues as determined by management and recommending the approval of same to the board

Monitoring the company’s activities regarding consumer relationships, including advertising, public relations and compliance with consumer protection laws

Considering stakeholder management in terms of King IV, which addresses the concept of a stakeholder-inclusive approach to governance

The committee spent its time as follows:



Value creation in 2020

While the committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to receive the committee’s attention during 2020:

- Reviewing the company’s transformation programmes

Monitoring improvement against the BBBEE charter

Deepening ethics awareness and prioritising corporate conduct practices

Directing our sustainable development goal setting journey

Corporate governance continued

Appointment and delegation to management

Principle 10

The board ensures that the appointment of, and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities

CEO appointment and role	Delegation to management
The current CEO, appointed by the board in 2014, is responsible for leading the implementation and execution of the company's approved strategy, policy and operational planning, and serves as the main link between management and the board. His performance is formally evaluated by the board against agreed performance metrics and targets on an annual basis. The CEO does not currently sit on the boards of any other listed companies. If necessary, additional professional positions can be approved by the board following due consideration of possible time constraints and/or conflicts of interest.	<p>The board delegates authority to executive management, via the CEO, to manage, direct, control and co-ordinate the day-to-day business activities and affairs of the company, subject to statutory limits and other limitations set out in the company's delegation of authority framework. The delegation is reviewed annually in consultation with the finance function and the audit committee to ensure that limits remain appropriate, taking into account the size of the company and its specific operational context.</p> <p>The company secretary monitors the effective implementation of the delegated authority and has confirmed that, during the 2019 financial year, executive management acted within the authority delegated to them by the board.</p> <p>The board considers the talent management, development and succession planning of the executive management team to ensure continuity of leadership. Succession plans are reviewed periodically by the nomination and governance committee and provide for succession in emergency situations and over the longer term.</p>

The chief operating officer (COO), David Rice, will retire on 31 August 2020 after more than a decade of service. His current responsibilities include all aspects of asset management and general administration of the property portfolio. As a senior member of the executive team, he has also been responsible for helping drive leasing and asset improvement goals for the company.

To ensure business and operational continuity, and enable a structured handover, the search for his replacement has begun in earnest. David's voluntary retirement date gives the company sufficient time to have in office the ideal candidate, who pairs well with the company's culture and future priorities.

The announcement clears the path for the succession processes to unfold, as well as allow responsibilities to be handed over once the new COO has been appointed. The transitional period will help ensure that the transition is seamless. As discussed above, the company's succession processes are formulated in advance of an executive's departure to allow for a rigorous assessment of potential candidates.

Company secretary	
Bronwyn Baker is the appointed company secretary. Her primary responsibilities are to:	
01 PROVIDE	counsel and guidance on individual and collective powers and duties, and on matters relating to governance, legal compliance, and ethics
02 RENDER	ongoing support and resources to enable directors to improve and refresh their skills, knowledge and understanding of the company, as well as proposed changes to laws and regulations applicable to the company
03 COLLATE AND DISTRIBUTE	relevant information to ensure that all directors have full and timely access to the relevant information that assists them with the effective execution of their duties and obligations
04 INDUCT	new directors on their fiduciary and statutory duties and responsibilities
05 ASSIST	the nomination and governance committee with the annual evaluation of the effectiveness of the board
06 FACILITATE	professional and skills training, access to information and independent advisors, as and when required by the board

In compliance with paragraph 3.84(j) of the JSE Listings Requirements, an annual evaluation of the company secretary is carried out by the nomination and governance committee on behalf of the board. The results of the evaluation in 2019 confirmed that the company secretary demonstrates the requisite level of knowledge and experience to carry out her duties. The board is also comfortable that she maintains an arm's length relationship with individual directors and confirms that she is neither a director nor a public officer of the company or any of its subsidiaries.

Governance functional areas

Risk governance

Principle 11

The board governs risk in a way that supports the company in setting and achieving its strategic objectives

The board ensures that risk management is embedded in key decision-making processes and that such processes incorporate and consider strategy, governance, compliance and performance. For the board, risk management involves achieving an appropriate balance between realising opportunities for gain, while minimising the potential adverse impacts of these risks. Risk is carefully managed across the organisation to effectively and proactively identify, assess, quantify and mitigate risk events, while capitalising on opportunities, providing all stakeholders with reasonable assurance that the company's strategic objectives will be achieved. As part of the risk assessment process, risks are assessed over the short, medium and long term.

The board approves the company's top strategic risks and financial risk appetite and tolerance levels and ensures that risks are managed in compliance with these levels. To support the board in ensuring effective risk management oversight, and in compliance with the enterprise risk management policy and framework (ERM), risk assessment, quantification and assurance processes have been specifically delegated to the risk, compliance and technology committee, while the remaining board committees are responsible for ensuring the effective monitoring of those strategic risks that fall within their scope. Responsibility for implementing and executing effective risk management has been delegated to management.

The company regularly monitors key developments in its internal and external environment, and monitors 'top-of-mind' or emerging issues to increase the probability of anticipating unpredictable risks. Actions are similarly implemented to strengthen business continuity and crisis management arrangements throughout the business.

The company's risk activities and responsibilities are set out hereunder:							
	Risk governance	Risk assessment	Risk monitoring and reporting	Risk quantification	Risk assurance	Risk orientation and awareness	Risk response
Board of directors	Applied	Applied	Applied				Applied
Chairperson of each board committee	Applied		Applied				Applied
Risk, compliance and technology committee	Applied	Applied	Applied	Applied	Applied		Applied
Audit committee	Applied		Applied				Applied
Coordinating risk function	Applied		Applied		Applied	Applied	
Executive management	Applied	Applied	Applied	Applied	Applied	Applied	Applied
Senior operational management		Applied	Applied	Applied	Applied	Applied	Applied
Internal audit					Applied		

For more information regarding the company's top-of-mind risks and opportunities, please refer to our [IR](#).

Corporate governance continued

Information and technology governance

Principle 12

The board governs technology and information in a way that supports the company setting and achieving its strategic objectives

☐

The board has mandated the risk, compliance and technology committee to provide oversight over information and technology (IT) governance. As such, this committee oversees the implementation and review of all relevant IT governance mandates, policies, processes and control frameworks, while ensuring compliance with the standards adopted by the company. It similarly confirms that processes are in place to ensure timely, relevant, accurate and accessible reporting, communication and data storage.

To assist the risk, compliance and technology committee in the discharge of its duties in respect of IT governance, the committee has, in turn, mandated the company's IT steering committee with executive oversight of IT governance. The steering committee ensures that the IT strategy supports the business goals and objectives, as well as the company's sustainability objectives. The steering committee is responsible for the implementation of, and measurement against the IT governance framework and other related initiatives, in conjunction with the other existing oversight bodies. It ensures that technology is fit for purpose, is appropriately prioritised and adds value commensurate with the cost of the technology. During the 2019 financial year, the IT steering committee met quarterly under the chairmanship of the FD.

External and internal auditors perform assessments of IT-related controls as part of their audits, and all significant findings are reported to the audit committee, as well as the risk, compliance and technology committee and the board as necessary. Measures to ensure compliance with all relevant laws, information security practices and the protection of personal information are in place.

Opportunity to grow value through the embedment of technology and information policies

Although appropriate technology and information strategies have been defined and approved by the board, such strategies expose the company to operational risks. Policies and procedures which aim to set the parameters in which those risks are controlled and managed have recently been approved by the risk, compliance and technology committee and will be fully embedded and applied throughout the operating environment during 2020.

Compliance governance

Principle 13

The board governs compliance with applicable laws ,and adopted non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen

☐

The board, with the assistance of the risk, compliance and technology committee, ensures that the company complies with applicable laws, regulations, codes and standards. This includes voluntary codes such as the principles of the UNGC and the International Labour Organisation (ILO), and the recommendations of the OECD.

Compliance systems and processes are in place to mitigate the risk of non-compliance with laws in relevant jurisdictions, and to ensure appropriate responses to changes and developments in the regulatory environment. The risk, compliance and technology committee receive regular reports on compliance matters and oversees the company's compliance programme, while the company's risk and compliance functions are responsible for monitoring compliance therewith. The arrangements for compliance are set out in various company-wide policies.

On an annual basis, the company submits its REIT compliance declaration and annual compliance certificate to the JSE, confirming its compliance with the JSE Listings Requirements. The company received no material penalties, sanctions or fines for contraventions of or non-compliance with regulatory obligations during the period under review.

Opportunity to grow value through standardised compliance

While compliance controls are currently in place, the company needs to ensure that these controls are standardised across the organisation, form an integral part of business processes and are reviewed periodically to assess the overall effectiveness of the company's compliance programme. This shall be an area of focus for the risk, compliance and technology committee in 2020, through the enhanced implementation of the company's compliance framework and methodology.

Remuneration governance

Principle 14

The board ensures that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term

☒

Through the remuneration committee, the board ensures that the company's remuneration is appropriately designed, fair and market-related, to drive and retain high-calibre employees who contribute positively to the company's strategic objectives. The board believes that remuneration supports the company's employment philosophy of attracting self-starting, skilled employees who subscribe to Redefine's values and its culture of enterprise and innovation.

The company's remuneration policy governs all components of remuneration within the shareholder-approved remuneration framework and guiding principles, and its desired outcomes include:

01 Alignment to the company's strategy to support the achievement of goals and objectives

02 Enhanced internal fairness through consistent remuneration decision-making

03 Appropriate and responsible remuneration decisions

04 An enhanced employer of choice profile

05 Alignment with our desired corporate culture

On an annual basis, the remuneration committee conducts a rigorous examination of internal pay levels to ensure they are aligned to the principle of equal pay for work of equal value and, if not, to identify and address any unjustifiable remuneration disparities.

As part of its commitment to fair and responsible remuneration, and to narrowing the internal wage gap, the company has a companywide long-term staff incentive scheme in place for all employees. It also has a comprehensive malus and clawback policy as a risk adjustment mechanism for variable pay. The company's remuneration report shows a strong link between pay and performance, and the company has taken solid steps to ensure that executive salary increases are fairly moderate when compared to increases across the organisation.

The company conducted an investor roadshow in the 2019 financial year, and proactively engaged with its shareholders (on a one-on-one basis) to discuss its approach to sustainability and governance, as well as its remuneration framework and how this is tied to overall business strategy. The outcomes of such engagement are set out on **page 92** of this report. On an annual basis, the remuneration policy and the implementation report are tabled for separate non-binding advisory votes by shareholders. Should either of the resolutions be voted against by 25% or more of the voting rights exercised, the board will engage with shareholders to address legitimate and reasonable objections and concerns. Feedback from such an engagement will be published in the company's remuneration report.

The company remains a recognised leader in integrated reporting, and disclosure of remuneration in the remuneration report is designed to be comprehensive, fully transparent and easily understandable. The remuneration committee is satisfied that the remuneration policy achieved its stated objectives for the 2019 financial year.

The full remuneration report is available on **pages 88-121** of this report.

☒ Applied

☐ Partially applied

☐ Not applied yet

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Assurance

Principle 15

The board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports

Assurance

The company uses the four-lines-of-assurance approach to optimise its risk and assurance efforts. Assurance includes executive and senior management monitoring and oversight, internal audit and external assurance providers and is undertaken in accordance with an annual risk-based plan, which is approved by the audit committee.

Internal audit

The audit committee is functionally responsible for the company's internal audit function and receives detailed reports on the progress of the function against its annual risk-based plan on a quarterly basis. During 2019, the internal audit function provided a written assessment regarding the company's system of internal controls and confirmed that, based on the results of the work undertaken, these were adequate and effective.

The audit committee has satisfied itself that the function is independent and has the necessary resources, standing and authority to discharge its duties. Furthermore, the committee has confirmed that, in executing the 2019 plan, there were no impairments to the objectivity, independence and scope of the internal audit function, which remained effective in carrying out its mandate.

Internal control

The audit committee reviews the reports of the internal and external auditors in respect of audits conducted on the internal control environment, takes note of any matters arising from these audits and considers the appropriateness of the responses received from management. During 2019, with the exception of minor control breaches, nothing was brought to the attention of the committee that would suggest a material breakdown of any internal control system. Accordingly, the committee is satisfied that the company's internal financial control environment continues to function effectively.

Opportunity to grow value through concerted and co-ordinated assurance

Although current assurance activities provide sufficient coverage of the company's risk universe, these require a concerted and co-ordinated approach. To this end, the board has recently adopted a revised combined assurance framework, with the aim of integrating and co-ordinating the assurance provided by internal and external assurance providers on risk areas facing the company.

The framework will enable an efficient and holistic approach to risk management and assurance activities across the organisation that, when taken as a whole, will provide a level of assurance that further supports the integrity of information produced for reporting and decision-making.

Stakeholder relationships

Stakeholders

Principle 16

In the execution of its governance role and responsibilities, the board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time

The company differentiates itself through a dedicated people-centric approach to business, focusing on excellence in the context of relationships. This culture is nurtured internally and extended externally in the way in which the company engages with and adds value to the lives of its stakeholders. The board invests in understanding stakeholders' views and needs, recognising that the quality of these relationships determines the continued success of the company.

Stakeholder engagement strategies

The board, through the social, ethics and transformation committee, approves the company's stakeholder engagement strategies, systems and processes, which enable management to understand and respond to stakeholders' legitimate concerns, form collaborative partnerships to find solutions to collective challenges, and to drive development in the communities in which the company operates. The board recognises that integrating stakeholder engagement is fundamental to ensuring effective operations and delivering on the company's growth mandate, and has accordingly identified same as a potential key differentiator.

Identification of material stakeholders and management of stakeholder risk

In order to engage with stakeholders in the most effective manner, the company's material stakeholder groups have been identified according to their levels of influence on the company, the company's impact on them and the level to which the company collaborates, involves or consults with them. Furthermore, stakeholder concerns are prioritised as part of the company's risk management activities.

The company's key stakeholders and stakeholder goals have been identified by the board as:

Key stakeholders	Goals
Investors and funders	Source of sustained growth in total returns
Employees	Employer of choice
Tenants	Differentiated provider of relevant space
Property brokers and suppliers	Preferred business partner
Communities	Responsible community participant

Stakeholder engagement and communication

Stakeholder engagement and communication are managed proactively, and driven through various channels and platforms, formal and informal, targeting all of the company's key stakeholders. Tenant complaints are taken seriously and dealt with timeously through a centralised call centre. The board believes that relationships support the company's ability to create value. By establishing good lines of communication with its various stakeholders and maintaining a constructive relationship with them, the company enhances the sustainability of the business by being better able to identify and address risks and opportunities.

For more information regarding how the company's key stakeholders were identified, and for details regarding the measurement of the quality of material stakeholder relationships, concerns raised by such stakeholders and the company's responses thereto, please refer to the company's [IR](#) and **pages 30-35** of this report.

Shareholder relationships

The board ensures that proactive engagement with shareholders is encouraged by the company, including engagement at the company's AGMs. All directors are available at the AGM in order to respond to shareholders' queries on how the board executed its governance duties.

In the interest of protecting minority shareholders, the company practices the principle of 'equality of disclosure' and ensures that all shareholders receive information equally. Major shareholders do not have privileged access to information that is unavailable to minority shareholders.

All issued shares are of the same class, each of which ranks *pari passu* in respect of all rights, and entitle holders to vote on any matter to be decided by the shareholders of the company.

enterprise **impact**
operate create **grow**
lead
grow

Everyone is **seen** and **acknowledged** for their contribution to the company.

Lister Masia
Employee of Redefine

Remuneration report

Creating spaces to... flourish

Lister Masia has worked with Redefine since inception. While she originally joined the company to assist in its cleaning department, her warm personality and work ethic led to later promotions and, ultimately, the opportunity to run one of the guest hospitality services for the company boardrooms.

During that time, she has watched the organisation grow and morph into a corporate giant, with many high-profile clients coming in and out of the boardrooms she serves. Through it all, Lister believes that Redefine has remained true to their brand. “These are people who know how to work with people,” she said proudly. “Everyone is seen and acknowledged for their contribution to the company.”

Lister explained that she had received accolades for excelling at her job – and for making people feel welcome and special in the high-paced meeting room environment. “I have received awards for the work that I do – for being the face of Redefine. And that’s how I see myself. I welcome people in. I get to be the one who cares for them during a hectic day and I take pride in the role I play.”

“I love my job and I am thankful for the opportunity to work hard and care for people along the way. Redefine has made that possible, and I love the people I get to work with every day.”

flourish, verb
‘grow or develop in a healthy or vigorous way, especially as the result of a particularly congenial environment’



expand **flourish**
create **innovate**
recreate **dream**

Remuneration report 2019

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FY2019 remuneration outcomes – key highlights

- No STI bonus paid in respect of FY2019 to executives, as overall **STI score fell below 60%**
- Total return of 7% was **below the target of 15%**
- Growth in recurring distributions **per share at 6.6%**
- Full compliance with minimum shareholding requirements
- No malus and clawback trigger events arose in the 2019 financial year
- Reviewed the total reward and variable pay comparator groups, effective 2020
- Reviewed performance conditions for STI and LTI

Centurion Mall, Centurion

Part 1: Introduction

Letter from the chairperson of the remuneration committee to shareholders

Dear shareholders

I am pleased to present Redefine's remuneration report for the 2019 financial year (FY2019). We continue to believe that appropriately designed, fair and market-related remuneration will drive and retain high-calibre employees to contribute positively to Redefine's strategic objectives. Our remuneration framework is designed to support the company's goal of attracting and retaining top talent – those driven individuals who are passionate about upholding Redefine's values and pursuing innovative ways of creating sustained value for all our stakeholders. Our recertification as a top employer by the Top Employers Institute is a testament to our continued commitment to exceptional employee conditions, excellence in professional development and opportunities for career advancement, along with our commitment to and integration of diversity and inclusion into our employment practices.

A key objective of this report is to describe how Redefine implemented its remuneration policy throughout the organisation. The report shows a strong link between pay and performance, and the company has taken solid steps to ensure that executive salary increases are justifiable in the current market, and were carefully considered against average increases for all employees below executive level.

There are also clear links between the overall company strategy, specifically Redefine's strategic objectives, and the company's remuneration policy, in particular the variable pay performance conditions.

Context – rewarding value creation in a complex operating context

We are operating in an environment defined by volatility and uncertainty. Locally, we are faced with compounding socio-economic challenges, including ageing infrastructure, social inequality and limited economic development. Challenges are rife in our global context too, where growth has continued to weaken, momentum remains fragile, and sluggish investment undermines the foundations for sustained growth.

In the prevailing climate of uncertainty, a long-term strategic focus that is tied to a strong sense of purpose is key to driving our business forward. Moreover, real estate is a long-term asset class, which means that the decisions we make today will only deliver tangible outcomes in the years to come. We therefore need to continually balance short-term performance expectations against long-term objectives.

Our remuneration policy is designed to encourage the achievement of our group strategy, which is our roadmap towards achieving sustained value for all our stakeholders. We have taken shareholder feedback on board and aligned the 2020 short- and long-term performance conditions to better support the achievement of the overall business strategy. These are described in more detail in part 2 of this report.

As a board, we are committed to continually entrenching leading governance practices throughout the business. As part of this drive, four years ago Redefine embarked on a journey towards constituting a more independent board. During this time, the group has made significant strides in broadening the board's diversity and skills base, as fully discussed in the corporate governance section of this report (refer to **pages 69-70**).

Marc Wainer stepped down as executive chairman in May and retired as a member of the board and executive director of the company, on 31 August 2019. In consultation with the remuneration committee (Remco), the board reached an arrangement with him regarding his retirement arrangement for the 2020 financial year, and oversaw the vesting outcomes of his outstanding Matching Share Scheme (MSS) and Restricted Share Scheme (RSS) awards, respectively. This arrangement is

described in more detail in part 2 of this report; the forward-looking vesting outcomes of his long-term incentives (LTIs) will be disclosed in part 3 of the 2020 remuneration report. The board has agreed to use Marc's services as an independent consultant (refer to **page 112** for more detail).

Furthermore, Sipho M Pityana was appointed as the independent non-executive chairperson of the board during May 2019. Sipho is a prominent businessman, who is also the president of Business Unity South Africa, and we look forward to his positive contribution to the board.

As in the previous year, we will put the forward-looking remuneration policy (as set out in part 2) and the implementation of the remuneration policy (as set out in part 3) to two separate non-binding advisory votes at the 2019 AGM. We are grateful and thank our shareholders for the support we received at last year's AGM. We have proactively consulted our shareholders regarding the remuneration policy as we greatly value their feedback.

The company remains a recognised leader in integrated reporting, and disclosure of remuneration in this report is designed to be fully transparent and easily understandable.

Part 1: Introduction continued

Shareholder engagement








Redefine believes that ongoing, transparent engagement makes our business stronger, which, in turn, enables us to sustain value for all of our stakeholders. Redefine proactively engaged with its shareholders during 2019 to discuss investor comments regarding the remuneration policy and the implementation thereof.

At the 2018 AGM (held on 14 February 2019), 76.1% of the shareholders endorsed the remuneration policy and 76.8% of the shareholders endorsed the implementation report. We have disclosed a summary of the shareholder comments on our remuneration framework, and our responses thereto, in the table below.

Shareholder comments	Remco responses
The Remco exercised its discretion in regard to allowing executive directors to transfer restricted shares to the MSS to compensate for the lack of short-term incentives (STI) pay-out in 2017, thus weakening the link between pay and performance.	<p>Annual awards under the MSS continue to be subject to prospective performance conditions. The transfer of restricted shares to the MSS was a once-off discretionary decision of the Remco given that executives did not earn an STI bonus in 2017.</p> <p>Even though the STI score of 60% was not met, and therefore no STI was payable, the Remco took into account the holistic financial and strategic performance of the company in reaching its decision.</p>
A portion of the RSS continues to vest, subject only to continued employment.	<p>Historically, we have regarded the retention component of the RSS as being essential in our strategy to retain key skills.</p> <p>For awards made on or after 1 September 2019, the 25% component that is only subject to continued employment will be done away with and the full RSS award will be subject to prospective performance conditions.</p>
The performance conditions operating under the various LTI plans are not fully transparent and do not appear to be particularly stretching. The appropriateness of STI and LTI performance conditions should also be considered.	Redefine carefully considered the company's changing business strategy, goals and KPIs, and gathered market research on typical short-term and long-term performance conditions. The Remco has considered the feedback in light of the research findings and amended performance measures going forward to better align with the company's business strategy, as further explained later in the report.
The LTI schemes should be simplified.	The existing LTI schemes have been designed to drive the long-term performance of the company. However, Redefine will continue to monitor the effectiveness of the LTI schemes and the transparent communication thereof.
Greater disclosure on STI performance criteria and targets demonstrating how short-term performance criteria support long-term performance outcomes.	We have expanded the remuneration policy section of this report to include additional information on how our STI performance criteria supports long-term performance outcomes in line with Redefine's strategic objectives.
The appropriateness of the total reward and variable pay peer group should be considered given the significant changes in the SA Listed Property Index (SAPY).	Redefine, in line with its policy, reviewed the relevant comparator groups and, after making certain amendments, is satisfied that the updated comparator groups, effective 01 September 2020, are appropriate from a size and complexity perspective. The reviewed groups are further explained later in the report.

Activities of the remuneration committee (Remco) in FY2019

The Remco's activities for FY2019 were geared towards monitoring the achievement of Redefine's strategic objectives (Refer to the [IR](#)).

Remuneration element	Key activities
 TGP Total guaranteed package (TGP) including benefits	<ul style="list-style-type: none">Reviewed executives' total remuneration, and reviewed and approved overall TGP increases for all levels against the market. The increases were made in the best interests of the company, and the Remco took into account the average increase levels for employees across the company in determining increases for executivesEnhanced the benefit offering under the group risk schemes
 STI Short-term incentives (STI)	<ul style="list-style-type: none">Reviewed STI methodology and approved the FY2019 staff, management and executive bonusesConsidered and approved the KPIs for the executivesIntroduced new STI performance measures for FY2020
 LTI Long-term incentives (LTI)	<ul style="list-style-type: none">Reviewed the terms of the RSS and MSS rules, and introduced new LTI performance measures for FY2020Reviewed and approved proposed awards to executives under the RSS and MSSMade awards under the LTI schemes to eligible employees and approved vesting of awardsReviewed and oversaw the implementation of the long-term staff incentive scheme
 Comparator group	<ul style="list-style-type: none">Reviewed and amended the total remuneration benchmarking and variable pay comparator groups, respectively, to ensure that the composition of the comparator groups remains relevant, effective FY2020
 Vesting conditions for the MSS and RSS schemes	<ul style="list-style-type: none">Reviewed the vesting conditions for the MSS and RSS for executives approaching retirementObtained independent assurance on the accuracy of the vesting calculations
 Non-executive directors	<ul style="list-style-type: none">Benchmarked and reviewed non-executive directors' fees with the assistance of executive management and the independent remuneration advisor
 Remuneration governance	<ul style="list-style-type: none">Reviewed the implementation of the remuneration policy and strategyEngaged with stakeholders regarding the remuneration policy and implementation thereof, respectivelyConsidered and approved the annual work planReviewed and approved the 2019 remuneration reportReviewed and monitored the possible application of the malus and clawback policyMonitored the achievement and continued maintenance of the Minimum Shareholding Requirement (MSR) to support the direct alignment of management with shareholders through holding Redefine shares throughout their tenure

Part 1: Introduction continued

Areas of focus

In FY2020, the Remco will continue to monitor the implementation of the remuneration policy, and discuss the remuneration policy with our institutional investors to ensure that we deliver maximum value to them.

Remuneration advisors

During the year under review, Redefine engaged the services of PwC to act as standing remuneration advisor to the Remco. PwC provided assistance with:

- 01

Executive and non-executive director fee benchmarking
- 02

Presentations to the Remco highlighting current market trends in remuneration
- 03

High-level market practice insights into STI and LTI structures, based on publicly disclosed data
- 04

The review of the FY2019 remuneration report for purposes of compliance with King IV and best practice reporting standards

Where required, PwC provided high-level recommendations for further alignment to market practice/best practice corporate governance for the Remco to consider. PwC did not fulfil any management functions during the engagement, and all decision-making power remained with the Remco. The Remco is satisfied that PwC was at all times independent and objective.

It has been noted by some of our stakeholders that the Remco received advice on its remuneration practices from PwC, which acts as both the remuneration advisor and external auditor. The audit and remuneration advising functions are completely separate, with sufficient processes in place to ensure independence and prevent a conflict of interest, and as such the remuneration consulting advice that PwC provides to Redefine is rendered separately from the audit-related services.

In conclusion

Overall, the Remco is satisfied that the FY2019 remuneration policy achieved its stated objectives for the year. Nevertheless, we continuously aim to improve our remuneration practices in line with our quest to be the best in all aspects of what we do. Accordingly, we welcome any comments that you may have on our report or any concerns regarding the remuneration policy or the implementation thereof. We look forward to receiving your support on the resolutions for both the remuneration policy and implementation report at the AGM on 20 February 2020.

Yours sincerely,



Bridgitte Mathews
Chairperson
Remuneration committee



Bridgitte Mathews

Chairperson of Redefine's remuneration committee

Part 2: The remuneration policy

Remuneration governance

The Remco operates independently from executive management. It provides oversight and makes recommendations on remuneration-related decisions to the board for its consideration and final approval. The Remco is governed by its terms of reference, which are reviewed and amended as and when required, and approved by the board. The Remco meets four times a year, and its attendance record is set out in the corporate governance section of this report. In summary, the role and duties of the Remco are to:

- advise the board in determining appropriate remuneration strategies
- ensure that the link between performance and reward is maintained
- oversee the development of remuneration instruments and policies
- oversee the establishment of a remuneration policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration, and promotes the achievement of strategic objectives and encourages individual performance
- ensure that the remuneration policy addresses company-wide remuneration and includes provision for the following, specifically:
 - Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the company
 - The use of performance measures that support positive outcomes across the economic, social and environmental context in which the company operates, and/or all of the integrated reporting capitals that the company uses or affects
- oversee the setting and administering of remuneration at all levels in the company
- ensure that the remuneration policy and implementation report are put to two separate non-binding advisory votes at the AGM
- ensure that the remuneration policy records the measures that the board commits to in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% or more of the shareholders at the AGM
- ensure that any remuneration policy fairly and responsibly rewards executives, having regard to the performance of the company, the performance of the executive and prevailing remuneration trends in the market
- review the outcomes of the implementation of the remuneration policy to determine whether the set objectives are being achieved
- ensure that the mix of fixed and variable pay (in cash, shares and other elements) meets the company's needs and strategic objectives
- satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives
- ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued
- consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives, in determining remuneration
- select an appropriate comparator group when comparing remuneration levels
- regularly review incentive schemes presented by management to ensure continued contribution to shareholder value and that these are administered in terms of the relevant plan rules
- consider the appropriateness of early vesting of share-based schemes for certain employees upon termination of employment
- advise on the fees of non-executive directors
- oversee the preparation and recommendation to the board of the remuneration report to ensure that:
 - remuneration is disclosed in three parts, namely a background statement, an overview of the remuneration policy and an implementation report
 - it is accurate, complete and transparent
 - it provides a clear explanation of how the remuneration policy has been implemented
 - it provides a sufficient level of disclosure as required in terms of King IV, or provides the rationale behind principles not applied by the company. Where the principles are not applied by the company, the Remco should review the rationale provided by the company and whether this is acceptable
 - it provides sufficient forward-looking information for shareholders to pass a special resolution in terms of section 66(9) of the Companies Act 71 of 2008, as amended

Part 2: The remuneration policy continued

During the period 1 September 2018 to date, the committee comprised of:				
Bridgitte Mathews (Chair)	Nomalizo Langa-Royds	Sipho M Pityana	Daisy Naidoo	Harish Mehta
CURRENT				PAST
Attendance	100%	100%	100%	100%
	4/4 meetings	4/4 meetings	2/2 meetings	1/1 meetings
	February 2017	November 2018	May 2019	October 2019
				July 2013 July 2019
■ Appointed ■ Resigned				

Regular invitees

- Chief executive officer
- Financial director
- Head of human resources
- Independent remuneration advisor

Invitees to Remco meetings have no vote and are not present when issues affecting their own remuneration are discussed.

In line with the recommendations of King IV, the majority of the members of the Remco are independent non-executive directors. The Remco members do not decide on their own remuneration; instead they request that executive management propose directors' fees and the fee structure (through independent advice and benchmarking). These fees are then tabled before the board for approval, and then recommended to the shareholders for approval by special resolution.

The Remco chairperson reports to the board following each Remco meeting and attends the AGM to respond to questions from shareholders on the Remco's areas of responsibility. The activities of the Remco in FY2019 have been set out in part 1 of this report.

Redefine's remuneration philosophy

Remuneration is not a standalone management process, but is integrated into other management processes that are aligned to achieving the company's strategic objectives. The strategic principles included in the remuneration policy are aligned to the broader HR strategy which, in itself, supports the overall business strategy.

In line with King IV, the full remuneration policy document is available on Redefine's website and is accessible at www.redefine.co.za.

To reinforce a culture of enterprise and innovation, the targeted remuneration mix offered to key talent is deliberately weighted more heavily towards variable pay (STIs and LTIs) that is linked to the achievement of predetermined performance criteria. The performance criteria are selected and aligned to the company's strategic objectives, and the targets are set at levels that encourage high performance, but avoid excessive risk-taking behaviour by executives. Financial rewards are complemented with non-financial rewards such as career development and training opportunities for individuals.

The desired outcomes from the company's remuneration policy include:






- Alignment to the company's strategy to support the achievement of goals and objectives
- Enhanced internal fairness through consistent remuneration decision-making
- Appropriate and responsible remuneration decisions
- Enhanced employer of choice profile
- Alignment with our desired corporate culture


Alignment of strategy, pay and performance


Our strategy is formulated considering our five strategic objectives through an integrated approach. Our remuneration structures are designed to assist us in measuring our performance against our strategic objectives through the use of relevant KPIs. These individual KPIs have additional elements of company financial performance, which have a direct influence on Redefine's cash flow and profitability, as well as behavioural competencies such as leadership, values, transformation and sustainability. Refer to the alignment of remuneration to the strategy, in the [IR](#).

Remuneration structure and design


The remuneration policy is linked to sustainable value creation. The table below summarises the composition of total remuneration offered to all employees. The LTI component applies to executives and the long-term staff incentive scheme applies to employees below executive level.


Total remuneration			
Fixed	 TGP	 Benefits (included in TGP)	
Variable	 STI scheme	 Executive LTI scheme	 Long-term staff incentive scheme


TGP Total guaranteed package		 Fixed
TGP, and the policy of positioning it between the 50th and 75th percentile of the market, is positioned to remunerate fairly, maintain staff engagement and attract and retain top talent.		Changes in the year <ul style="list-style-type: none">No material change
Objective Core element that reflects market value of role, with increases linked to company and individual performance	Performance period Reviewed annually in September (aligned to the company's financial year), based on company performance, consumer price index inflation, affordability and market surveys. Average staff increases are taken into account when determining executive salary increases.	
Operation and delivery <ul style="list-style-type: none">Increases are effective on 1 September each yearBenchmarked against national and industry comparator companiesPositioned on average between the 50th and the 75th percentile		

Benefits included in TGP		 Fixed
Benefits are positioned to attract and retain top talent		Changes in the year <ul style="list-style-type: none">▫ No material change▫ Enhancement of group risk benefits (inclusion of severe illness benefit) and the appointment of a new provident fund asset manager▫ Retirement fund savings contribution rate was increased by 1%
Objective To provide provident fund, death, disability and severe illness cover and medical aid Benefits paid by the company: income continuation cover, funeral cover and administration costs	Performance period Reviewed annually	
Operation and delivery <ul style="list-style-type: none">▫ Included in total remuneration benchmarking exercises		

Part 2: The remuneration policy continued

STI scheme		 Variable
<p>Encourage disciplined growth and diversification of the property asset base by focusing on enhancing the value of assets [e.g. through the total return, based on the TNAV performance condition and total distribution]. TNAV creates value for stakeholders by increasing the value of the company's investment property portfolio.</p>		
Objective Create a high-performance culture by awarding a cash bonus in relation to performance against predetermined company and individual performance criteria	Performance period Annual: The performance period is the same as the financial year, i.e. 1 September to 31 August	Changes in 2019 <ul style="list-style-type: none">Amendments to individual key performance indicators (KPIs) to support short-term goals Forward-looking changes for 2020 <ul style="list-style-type: none">Performance conditions will be amended to include non-financial performance measures which will include transformation, sustainability, ethical capital and organisational healthMore than one company financial performance measure will be introduced, namely absolute distributable income per share (DIPS) relative to budget, and growth in recurring DIPS measured against the variable pay comparator groupThe weightings of financial and non-financial performance will also changeIndividual performance will be measured against delivery on personal targets linked to short-term value creationA new variable pay comparator group will be applied to measure performance against that of our peer companies
Operation and delivery <ul style="list-style-type: none">Payable in December each year in respect of the previous financial year. The key measures are total return on Tangible Net Asset Value (TNAV), individual performance indicators (based on financial and profitability targets), behavioural competencies (leadership, values and transformation) and sustainability		

Executive LTI scheme		 Variable
<p>The LTI schemes (RSS and MSS) encourage sustainable long-term returns for stakeholders. The individual performance component is designed to foster the achievement of the company's strategic objectives. The distribution-based components (i.e. budgeted distribution per share and growth in recurring distribution per share) are aimed at delivering sustained value creation for shareholders over a long-term horizon.</p>		<p>Changes in 2019</p> <ul style="list-style-type: none">▪ The performance period for the RSS was measured over three years (as opposed to one) to align with the vesting period and the MSS <p>Forward-looking changes for 2020</p> <ul style="list-style-type: none">▪ Performance conditions will be amended to include non-financial performance measures, which will include ESG goals▪ Company financial performance measures will be amended to include absolute total return measured over tangible net asset value, and relative total return measured against the variable pay comparator group▪ Individual performance will be measured against delivery on personal targets linked to long-term value creation▪ A new variable pay comparator group will be applied to measure performance against that of our peer companies▪ The RSS awards will be made fully subject to performance conditions, i.e. the 25% retention element will no longer apply
<p>Objective</p> <p>Alignment with long-term shareholder interests and retention of key employees</p>	<p>Performance period</p> <p>Three-year performance period</p>	
<p>Operation and delivery</p> <ul style="list-style-type: none">▪ The key measure is total shareholder return, measured by growth in recurring distribution per share and the achievement of budgeted distributions, as well as individual performance		
<p>Retiring employees</p> <ul style="list-style-type: none">▪ Effective FY2019, final awards under the MSS will be made to participating executives in the year in which they turn 62 years of age. In this year, relevant executives would be given a final opportunity to elect to use a percentage of their after-tax bonus to purchase shares in the MSS▪ Awards made under the RSS in the year in which participating executives turn 63 years of age, and each year thereafter, will be at the discretion of the committee. At retirement, the Remco would be required to assess whether the awards should vest, in line with the plan rules▪ All awards will be prorated for time and performance, and the same performance conditions will apply as to those of other participating executives		

Long-term staff incentive scheme		 Variable
Functions as a part of Redefine’s approach to fair and responsible remuneration and managing its internal wage gap. This scheme excludes executives.		Changes in the year <ul style="list-style-type: none">▫ No material change
Objective Drives fair and responsible remuneration and creates wealth for employees across the company Attract, retain, motivate and reward employees and aligns individual performance with company objectives	Performance period Three-year performance period	
Operation and delivery <ul style="list-style-type: none">▫ Consists of the following three awards:<ul style="list-style-type: none">▫ Nil-cost option awards▫ Conditional awards▫ Cash bonus awards▫ Performance measures are imposed on all employees		

Purpose of the remuneration policy

The purpose of Redefine's remuneration policy is to govern all components of remuneration within the shareholder-approved remuneration framework and guiding principles. The policy sets out Redefine's approach to remuneration and is underpinned by the primary objective of promoting the achievement of the company's strategic objectives.

Career development

We believe that fair and responsible remuneration is based on the premise of a living wage and, in principle, the basis of improving the lives of employees within our organisation, not only through pay, but also through wider initiatives. In line with this principle is our commitment to career development and the professional advancement of our employees. We encourage their development through various career mapping and employee value proposition initiatives (These are expanded on in the social section of this report and the human capital section of our [IR](#) report).

Fair and responsible remuneration

Internal equity

Redefine has taken proactive steps to realise the principle of fair and responsible remuneration across the company. Redefine conducts a rigorous examination of internal pay levels to ensure that they are aligned to the principle of equal pay for work of equal value and, if not, to identify and address any unjustifiable remuneration disparities. When considering remuneration and increases, the Remco measures proposed executive remuneration, and increase levels against pay conditions for employees across the company.



Part 2: The remuneration policy continued

Long-term staff incentive scheme

The purpose of the long-term staff incentive scheme is to attract, retain, motivate and reward employees on a basis which aligns company performance and individual efforts at junior employment levels, and aligns the interests of mid-tier and senior employees with those of the company’s shareholders. It also creates wealth on an organisation-wide basis, and forms part of its efforts to manage its internal wage gap.

Different instruments in terms of the scheme are used for different levels of staff, as illustrated below:

Awards		Awards to employees between	
01	Nil-cost option awards	➤	Paterson grades E Lower to D Upper
01	Conditional awards	➤	Paterson grades D Lower to C Upper
01	Cash bonus awards	➤	Paterson grades C Lower to A

Full-time employees (excluding executives), who have been employed for at least 12 months, will be eligible to participate in the scheme, within the parameters set out above.

Redefine’s awards policy is to make annual allocations at the same time each year, thus avoiding the volatility of large irregular once-off awards. TGP is used to determine the quantum of the award which is capped and benchmarked to ensure the value is reasonable and market related.

The awards under all three categories are subject to performance conditions and a three-year vesting period. All awards are subject to continued employment.

Nil-cost option awards

The nil-cost option awards are made annually, based on a percentage of TGP. The Rand value of the award is converted into shares. The value per share that vests is the full value of the underlying share (nil strike price), but the number of shares that will vest will depend on the extent to which the company financial performance measures set at award date and individual performance measures have been met. After vesting, participants will have a defined period during which to exercise the nil-cost option. Upon exercise of the nil-cost option, participants can elect to either receive a specified number of shares, based on the number of nil-cost options exercised on the exercise date, or the cash equivalent to the value of the nil-cost options exercised on the exercise date. An additional number of shares, or the cash equivalent, can be received if participants elect to postpone the vesting of the nil-cost options.

Conditional awards

The conditional awards are made annually, based on a percentage of TGP. The rand value of the award is converted into phantom shares. The value per share that vests is the full value of the underlying share (nil strike price), but the number of shares that will vest will depend on the extent to which the company financial performance and individual performance have been met. These awards are settled in cash.

Cash bonus awards

The cash bonus awards are made annually, based on a percentage of TGP. The vesting is subject to company financial performance and individual performance. These awards are settled in cash.

Composition of executive director remuneration

Remuneration of the executive directors is structured taking cognisance of the short- and long-term objectives of the company, and is designed to support alignment with the company’s overall business strategy and financial performance. The mix is aimed at ensuring an optimal balance of remuneration between guaranteed and both short- and long-term incentives.

Remuneration is monitored and reviewed on an ongoing basis by the Remco to ensure that the relative percentages of guaranteed and variable pay are market related and aligned with the strategic objectives to create sustained value for all stakeholders.

Refer to **page 120** for the actual individual executive remuneration outcomes compared to below and on-target earning potential for FY2019.

TGP	Total guaranteed package	Fixed
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The company conducts annual external benchmarking and participates in remuneration surveys (PwC REMchannel®) to determine the market positioning at all levels in order to remain competitive. The TGP details are contained in the table on **page 114**.

The companies forming part of the total reward benchmarking comparator group were selected, based on all listed industries, complexity, geographical presence and sizing metrics, e.g. profit before tax and market capitalisation. The benchmarking comparator group for total reward and the variable pay comparator group (for testing of the achievement of performance conditions) are different, as the variable pay comparator group is a relative measure of the achievement of corporate performance measures against other companies in the REIT sector. The comparator groups were reviewed in the financial year, as per Redefine’s policy, so as to ensure that the composition of each comparator group remains relevant for Redefine. These changes are set out below.

In determining the TGP increases for executive directors, the Remco referred to market conditions, as well as data drawn from the companies in the total remuneration comparator group, for purposes of benchmarking. This differs from the variable pay comparator group (used to test the achievement of performance conditions) which was selected primarily based on industry.

2019 Benchmark comparator group (for total remuneration)	2019 Variable pay comparator group (for testing the achievement of performance conditions)
Capitec Bank Holdings, Discovery, Growthpoint Properties, Liberty Holdings, Life Healthcare Group Holdings, MMI Holdings, Mr Price Group, Netcare, Tiger Brands, Woolworths Holdings	Emira, Growthpoint Properties, Investec Property Fund, SA Corporate, Vukile*

* Excluded from 2020 variable pay comparator group as it is not diversified across the various sectors.

Remco reviewed both the total remuneration and variable pay benchmark comparator groups to ensure that these groups remain relevant to Redefine in terms of their complexity, geographical presence and size.

When assessing which companies should be included in the variable pay comparator group, consideration was given to companies that are predominantly South African-focused with primary listing on the JSE, are diversified across the various sectors (i.e. not specific to one sector), and whose market capitalisation is sufficiently large.

Following the review, the Remco approved the following updated comparator groups for benchmarking of total remuneration and variable pay:

2020 Benchmark comparator group (for total remuneration)	2020 Variable pay comparator group (for testing the achievement of performance conditions)
Bid Corporation, Clicks Group, Hyprop Investments, Growthpoint Properties, Liberty Holdings, MMI Holdings, Mr Price Group, PSG Group, Rand Merchant Investment Holdings, The Spar Group, Tiger Brands, Truworths International, Woolworths Holdings	Attacq, Emira, Fortress, Growthpoint Properties, Investec Property Fund, Octodec, SA Corporate



Brackengate 2, Brackenfell

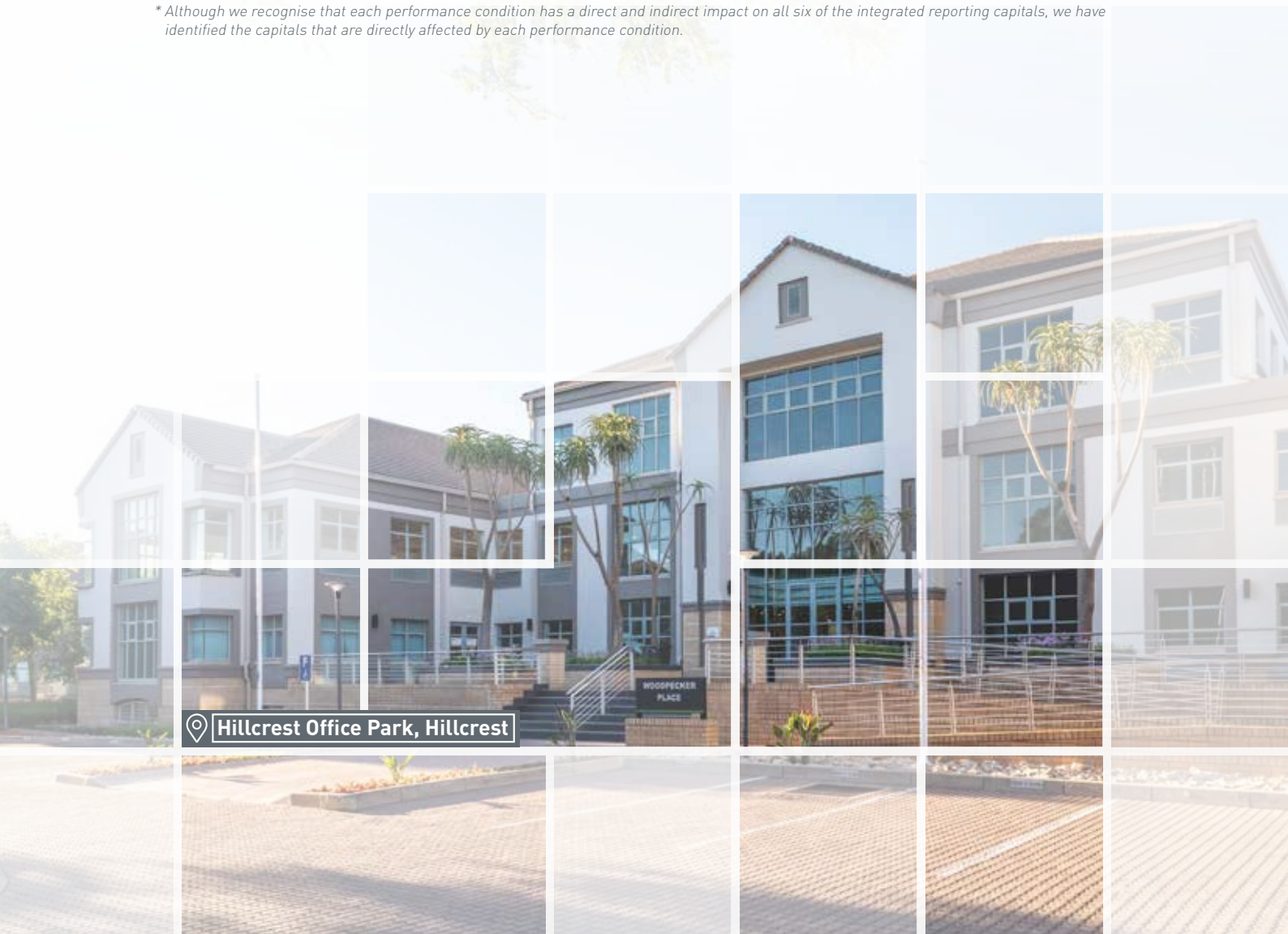
Part 2: The remuneration policy continued

SHORT-TERM INCENTIVES

STI Variable pay scheme performance conditions: 2019 financial year

Performance conditions	Capitals affected*	Positive outcomes
Total return based on TNAV	FC MC	Financial and manufactured capitals: This performance measure drives growth in TNAV and distributions per share
Individual performance: quantitative KPIs	FC MC	Financial and manufactured capitals: The strategic metrics in the balanced scorecards of the members of executive management are meant to encourage them to manage the company's liquidity profile to meet future cash requirements, as well as to maintain profit margins, manage assets held in Redefine's property portfolio, and grow and diversify the local and international asset base
Individual performance: qualitative KPIs	HC SRC IC NC	Human, intellectual, natural, and social and relationship capitals: The behavioural competencies deepen staff engagement and strive to cultivate and harness the power of each executive's passion and commitment. They also encourage members of executive management to ensure ongoing transformation and sustainable business practices

* Although we recognise that each performance condition has a direct and indirect impact on all six of the integrated reporting capitals, we have identified the capitals that are directly affected by each performance condition.



STI Score calculation: 2019 financial year

The STI scheme is established at all levels of the organisation. It is linked to performance at both company and individual levels and is measured against a set of predetermined KPIs.

Company financial performance			Weighting
KPIs	Measurement scale		50%
<div>Total return based on TNAV is based on the following formula: ^</div> <div><div><div>Year-on-year change in RDF TNAV per share</div><div>+ distribution for the year per share</div></div><div>RDF opening TNAV</div></div> <div>= Total return %</div>	If total return %	Score %	
	Less than 9.9	0	
	Between 10.0-10.9	30	
	Between 11.0-11.9	34	
	Between 12.0-12.9	38	
	Between 13.0-13.9	42	
	Between 14.0-14.9	46	
	More than 15.0	50	
Individual performance			Weighting
Quantitative and qualitative KPIs	Measurement scale		50%
<div><div><div>Based on strategic matters and priorities which have a direct influence on Redefine’s cash flow and profitability</div><div>Behavioural competencies (leadership, values and transformation)</div><div>Sustainability</div><div>The balanced scorecard is specific to each executive director</div></div><div>Refer to page 115 for each executive’s individual KPIs.</div></div>	<div><div>Each director has specific KPIs aligned to strategic matters</div><div>Each KPI holds a weighting relative to importance</div></div>		

STI SCORE

100%*

^ Total return based on TNAV, as the company financial performance measure encourages long-term strategic thinking to sustain value creation, in line with the nature of the asset class. The achievement of total return based on TNAV is considered an appropriate and challenging performance measure for executives.

* Should the overall STI score be less than 60%, no STI will be payable (Remco will not exercise its discretion to waive this rule in the event of underperformance).

STIs for executives are calculated based on the following formula:

TGP

x

200%

x

STI SCORE%

=

TOTAL STI

50%

Current

Paid in cash as bonus

50%

Deferred#

Paid in restricted shares

Vesting in equal tranches over three years

Refer to **pages 115-116** for the implementation of the STI, based on FY2019 performance.

As performance is measured on award, the deferral is only subject to an employment condition during the vesting period. The deferral of STIs into shares increases the alignment between shareholders and management.

Part 2: The remuneration policy continued

STI Variable pay scheme performance conditions: 2020 financial year		
Performance conditions	Capitals affected	Positive outcomes
Absolute DIPS, relative to budget Growth in recurring DIPS, measured against the variable pay comparator group	FC	Financial capital: Distributions per share are an input into the total returns that we provide to our shareholders, which are measured in our LTI
Risk measures including reducing loan to value (LTV)	FC MC	Financial and manufactured capital: Reducing our LTV allows us to access funding on more favourable terms
Transformation	HC SRC	Human and social and relationship capital: Our executives are incentivised to accelerate transformation across the company, in particular focusing on transforming our senior management team
Sustainability	MC NC	Manufactured and natural capital: Our inclusion and position on the FTSE4Good Sustainability Index supports our commitment to being an environmentally and socially sustainable company.
Ethical capital	IC	Intellectual capital: Creating an ethical culture, including an ethical and effective leadership team, is essential to maintaining a profile as a responsible corporate citizen
Organisational health	IC SRC	Intellectual and social and relationship capital: This performance measure focuses our efforts on managing our risk profile, as well as improving our internal control environment
Individual performance: quantitative KPIs	FC MC	Financial and manufactured capitals: The strategic metrics in the balanced scorecards of the members of executive management are meant to encourage them to manage the company's liquidity profile to meet future cash requirements, as well as to maintain profit margins, manage assets held in Redefine's property portfolio, and grow and diversify the local and international asset base
Individual performance: qualitative KPIs	FC MC HC SRC IC NC	Financial, manufactured, human, intellectual, natural, and social and relationship capitals: The individual performance indicators drive the execution of our short-term value creation indicators, by deepening staff engagement and striving to cultivate and harness the power of each executive's passion and commitment. They also encourage members of executive management to ensure ongoing transformation and sustainable business practices

STI Score calculation: 2020 financial year			
The STI performance conditions for the 2020 financial year onwards are set out below:			
Company financial performance			Weighting
KPIs	Measurement scale	Vesting	
<div>▫ Absolute DIPS relative to budget</div> Target: market guidance on DIPS	Target achieved		25%
	No – below market guidance	0.0%	
	Yes – achieved market guidance	25.0%	
	Available stretch		
	Between 0.10%-1.0% better than market guidance	27.5%	
	Above 1.1% better than market guidance	30.0%	
Growth in recurring DIPS measured against the variable pay comparator group The variable pay comparator group for testing the achievement of the relative performance conditions comprises: <div>▫ Attacq</div> <div>▫ Emira</div> <div>▫ Fortress</div> <div>▫ Growthpoint Properties</div> <div>▫ Investec Property Fund</div> <div>▫ Octodec</div> <div>▫ SA Corporate</div> Target: equal to comparator group	Target achieved		25%
	No – below comparator group	0.0%	
	Yes – equal to comparator group	25.0%	
	Available stretch		
	Between 0.10%-1.0% better than comparator group	27.5%	
	Above 1.1% better than comparator group	30.0%	
<div>▫ Risk measures including reducing LTV</div> Target: 40%	Target achieved		10%
	No – below target	0.0%	
	Yes – achieved target	10.0%	
	Available stretch		
	LTV between 38.0%-39.9%	11.0%	
	LTV between 36.0%-37.9%	12.0%	
Company non-financial performance			Weighting
KPIs	Measurement scale	Vesting	
<div>▫ Transformation</div> Target: accelerate transformation at senior management level <div>▫ Sustainability</div> Target: maintain inclusion in the sustainability index <div>▫ Ethical capital</div> Target: achieve a B-rating on ethics survey <div>▫ Organisational health</div> Target: maintain metric which include risk, governance, internal controls, ICT systems and audit findings	Based on demonstrable progress against targets across each element which carry an equal weighting	20.0%	20%
Individual performance			Weighting
KPIs	Measurement scale	Vesting	
<div>▫ Delivery on personal targets</div>	Each executive has specific KPIs linked to short- term value creation indicators	Based on achievement of targets set in individual scorecard	20%
STI SCORE			100%*
The quantum of the STI is capped at 100%.			
* Should the overall STI score be less than 60%, no STI will be payable (Remco will not exercise its discretion to waive this rule in the event of underperformance).			

Part 2: The remuneration policy continued

STIs for executives will be calculated based on the following formula:



As performance is measured on award, the deferral is only subject to an employment condition during the vesting period. The deferral of STIs into shares increases the alignment between shareholders and management.

The 200% component of the STI formula should be considered in conjunction with the introduction of a bonus deferral mechanism (for greater shareholder alignment) and MSRs. The MSR is explained in more detail on **page 111**. The STI is fully linked to performance, and it lapses in its entirety if the overall STI score is less than 60%. Furthermore, the targets for the STI are stretching and relevant to Redefine’s short-term performance objectives.

The Remco may apply reasonable judgement to review the STI outcomes and to moderate any payments to avoid unexpected or unjustifiable outcomes.

Bonus deferral

For executives, 50% of the STI bonus payment is deferred and converted into restricted shares which vest over three years at the end of each year following the award. As performance is measured on the way in, the deferral is only subject to an employment condition during the vesting period.

The high deferral percentage of STIs into shares increases the alignment between shareholders and management. It also introduces a longer vesting horizon, so 50% of each executive’s STI vests over a three-year period.

From FY2019 onwards, deferred shares for executives retiring under the STI will be subject to accelerated vesting, while STI awards in the year of retirement will be subject to pro-rated payment, taking into account the number of months served and the extent to which performance conditions have been met.

LONG-TERM INCENTIVES

Delivery of shares under LTI schemes

The Remco resolved to settle shares issued in terms of the LTI schemes by buying them on the market, thus avoiding dilution.

The aggregate number of shares at any one time that may be allocated under all the LTI plans may not exceed 200 000 000 shares (which represent approximately 7.5% of the number of issued shares as at the date of approval of the LTI plans by shareholders). This dilution limit is lower than the general dilution limit among most JSE-listed companies, which ranges from 5% to 10% of issued share capital. The limit excludes shares allocated by way of awards in terms of the LTI plans, which have been forfeited by participants. These limits will be adjusted proportionately in the event of a sub-division or consolidation of shares.

Performance conditions and LTI allocation levels

Redefine’s award policy is to make annual allocations at the same time each year, thus avoiding the volatility of large irregular once-off awards.

LTI allocations will be subject to performance conditions. Furthermore, the company does not support the retesting of performance conditions for any of its LTI schemes. The performance criteria and vesting levels for the LTI schemes (specifically the RSS and MSS) are set out in the table on **pages 108-110**.

The participants, who are eligible members of executive management, are invited on an annual basis to participate in Redefine’s LTI plans, based on each employee’s role, as well as company and individual performance.

	Restricted Share Scheme	Matching Share Scheme	Share Purchase Scheme*
Description	<ul style="list-style-type: none">Participants will be awarded a right to delivery of Redefine shares at a future date (subject to conditions being met)This award is received at no consideration	<ul style="list-style-type: none">Participants will be invited to utilise a pre-determined percentage of their after-tax annual STI to acquire Redefine shares (qualifying shares)Participants holding these shares for three years will receive matching Redefine shares (matching shares) at no consideration from the company, based on a multiple linked to company and individual performance	Participants will be awarded the opportunity to acquire Redefine shares by way of a market-related interest-bearing loan (JIBAR plus 200bps) on an arm’s length basis, granted by the company
Rationale	<ul style="list-style-type: none">Attraction, incentivisation and retention of executives and key employees	<ul style="list-style-type: none">Incentivisation and retention of executivesEnhance employee and shareholder alignment through achieving and encouraging direct ownership by executives of Redefine shares	Enhance executive and shareholder alignment through achieving and encouraging direct ownership by executives of Redefine shares. This is essentially a ‘management buy-in’ plan and exposes participants to real financial risk of share price growth and the repayment of the full loan for purchase of the shares (even in instances where the share price decreases from the purchase date)
Vesting conditions	<ul style="list-style-type: none">25% of the award of shares will be subject to the participant remaining in the employment of the company (time vesting); this is the retention element of the award75% of the award will vest subject to meeting pre-determined company financial and individual performance conditions (performance vesting)Vesting period of three yearsForward-looking – from Sep 2019 onwards, 100% of the award will be subject to performance conditions	<ul style="list-style-type: none">Remain in the employment of the company for the duration of the vesting periodCompany and individual performance need to be met for vestingVesting period of three years	No vesting conditions, as it is essentially a ‘management buy-in’ plan and there is real risk to the participants
Participation	<ul style="list-style-type: none">Executives and key employees	Executives	Executives
References	<ul style="list-style-type: none">Refer to note 19, Share-based payments, of the AFS	Refer to note 19, Share-based payments, of the AFS	Refer to note 10, Loans receivable, of the AFS

* No further awards (last award made in December 2015) will be made under the Share Purchase Scheme.

LTI Variable pay scheme performance conditions: 2019 financial year		
Performance conditions	Capitals affected	Positive outcomes
<p>MSS and RSS:</p> <ul style="list-style-type: none">Growth in recurring distribution per share in relation to peer companiesAchievement of approved budgeted distributions per shareIndividual performance	<div>FC</div> <div>MC</div> <div>HC</div> <div>SRC</div> <div>IC</div> <div>NC</div>	Financial, manufactured, human, social and relationship, intellectual and natural capital: Drives the investment of capital received from Redefine’s equity and debt funders responsibly in order to return financial capital to them. This takes the form of sustainable distributions and interest payments at responsible levels of risk and to balance the trade-offs between all the capitals we use in a sustainable way

Part 2: The remuneration policy continued

LTI Score calculation: 2019 financial year					
Company financial performance				Weighting	
KPIs	Measurement scale			RSS	MSS
<ul style="list-style-type: none">▪ Growth in recurring distribution per share in relation to peer companies▪ The variable pay comparator group for testing the achievement of the relative performance conditions comprises:<ul style="list-style-type: none">▪ Growthpoint Properties▪ Vukile▪ SA Corporate▪ Emira▪ Investec Property Fund	Scale	RSS vesting	MSS vesting	30%	35%
	Target achieved				
	No – below peer distribution	0.0%	0.0%		
	Yes – equal to peer distribution growth	30.0%	35.0%		
	Available stretch				
	Between 0.10%- 0.49% better than peer distribution growth	33.0%	38.5%		
	Between 0.5%-0.99% better	36.0%	42.0%		
	Above 1.0% better than peer distribution growth	39.0%	45.5%		
KPIs	Measurement scale			RSS	MSS
The directors are measured against meeting the approved budgeted distribution per share	Scale	RSS vesting	MSS vesting	30%	35%
	Target achieved				
	No – below peer distribution	0.0%	0.0%		
	Yes – equal to peer distribution growth	30.0%	35.0%		
	Available stretch				
	Between 0.10%-0.49% better than peer distribution growth	33.0%	38.5%		
	Between 0.5%- 0.99% better	36.0%	42.0%		
	Above 1.0% better than peer distribution growth	39.0%	45.5%		
Description of KPIs				RSS	MSS
The STI score is used to incorporate additional elements of company financial performance, as well as behavioural competencies and sustainability				15%	30%
Calculations					
<div>STI SCORE %[#] <small>(as calculated per pages 117-118)</small></div> <div>x</div> <div>WEIGHTING</div> = <div>EFFECTIVE INDIVIDUAL PERFORMANCE SCORE</div>					
Retention				Weighting	
Description of KPIs				RSS	MSS
Automatic vesting of 25% due to the executive still being employed by Redefine at the vesting date				25%	N/A
LTI SCORE				100%*	100%*
* The total LTI score is capped at 100%.					
# The average score for three years is used.					

* The total LTI score is capped at 100%.
The average score for three years is used.

LTIs for executives are calculated based on the following formula:

NUMBER OF SHARES AWARDED

x

LTI SCORE %

=

TOTAL SHARES VESTED

Refer to pages 118-119 for the implementation of the RSS and MSS three-year performance period ended 31 August 2019.

LTI Variable pay scheme performance conditions: 2020 financial year		
Performance conditions	Capitals affected	Positive outcomes
MSS and RSS: Absolute total return measured over tangible net asset value over three years Relative total return measured against variable pay comparator group	FC	Financial capital: Drives the investment of capital received from Redefine’s equity and debt funders responsibly in order to return financial capital to them, at levels that are competitive when measured against our peers
ESG goals	FC MC NC	Financial, manufactured and natural capital: Investing in our company supports the achievement of the ESG-related investment mandates of our investors. When designing new buildings and refurbishing existing buildings, our executives take into account their environmental impact and resilience. Our leaders also take proactive steps to reduce our carbon footprint in line with international standards
Delivery on executive personal targets linked to long-term stakeholder goals	FC MC HC SRC IC NC	Financial, manufactured, human, intellectual, social and relationship and natural capital: Executives are driven to achieve the following stakeholder goals: source of sustained growth in total returns; employer of choice; differentiated provider of relevant space; preferred business partner; and responsible community participant



Part 2: The remuneration policy continued

LTI Score calculation: 2020 financial year			
The LTI performance conditions for the 2020 financial year onwards are set out below:			
Company financial performance			Weighting
KPIs	Measurement scale	RSS vesting	MSS vesting
<div>▪ Absolute total return measured over tangible net asset value over three years, calculated as: [Year-on-year change in RDF TNAV per share + DIPS for the year] X100 RDF opening TNAV = Total return % Target: 15%</div>	Target achieved		
	No – below target	0.0%	0.0%
	Yes – achieved target	50.0%	50.0%
	Available stretch		
	Between 0.1%-3.0% better than target	55.0%	55.0%
Relative total return measured against the variable pay comparator group over three years The variable pay comparator group for testing the achievement of the relative performance conditions comprises: ▪ Attacq ▪ Emira ▪ Fortress ▪ Growthpoint Properties ▪ Investec Property Fund ▪ Octodec ▪ SA Corporate Target: Equal to comparator group	Target achieved		
	No – below comparator group	0.0%	0.0%
	Yes – equal to comparator group	20.0%	20.0%
	Available stretch		
	Between 0.1%-0.5% better than comparator group	22.0%	22.0%
Company non-financial performance	Target achieved		
	No – below comparator group	0.0%	0.0%
	Yes – equal to comparator group	20.0%	20.0%
	Available stretch		
	Above 0.6% better than comparator group	24.0%	24.0%
Company non-financial performance			Weighting
KPIs	Measurement scale	RSS vesting	MSS vesting
▪ ESG goals Target: maintain ESG ratings	Based on demonstrable progress against ESG targets	10.0%	10.0%
Individual performance			Weighting
KPIs	Measurement scale	RSS vesting	MSS vesting
▪ Delivery on personal targets	Each executive has specific KPIs linked to long-term stakeholder goals	Based on the achievement of non-financial targets set in the individual scorecard**	
LTI SCORE			100%*
* The total LTI score is capped at 100%. ** The three-year average score is used.			

LTIs for executives will be calculated based on the following formula:

NUMBER OF SHARES AWARDED

x

LTI SCORE %

=

TOTAL SHARES VESTED

Minimum shareholding requirements
<p>The MSR policy for executives is intended to encourage executives to build or to increase their shareholding in Redefine through the incentive plans and to become personally invested in the company. This increases executive ownership and ‘skin in the game’, and encourages alignment between management and shareholders. It also sends a very positive message to shareholders in the company.</p> <p>The salient features are as follows:</p> <div><div>▪ Executives are required to hold shares equal in value to at least 200% of their TGP, which must be accumulated over five years from the later of the introduction of the MSR policy or the appointment of the executive</div><div>▪ The executive must maintain the target shareholding throughout his/her tenure with the company</div><div>▪ Shares in Redefine must be held outright, and unvested awards will not count towards this requirement</div><div>▪ Executives may satisfy the MSR by purchasing shares in Redefine using their after-tax bonuses or by retaining shares that have already vested under the company’s deferred STI scheme and the company’s LTI incentive scheme</div><div>▪ Executives may elect to subject their unvested share awards to an additional holding period (after the performance and employment conditions have been met), during which they cannot trade with the shares. These shares will count towards meeting the MSR target</div><div>▪ Executives will not be entitled to a larger-than-normal (market benchmark) STI or LTI award in any year to assist them in meeting their MSR</div><div>▪ The company may require that MSR shares be held in a separate account, with an share administrator appointed by the company</div></div>
<p>Refer to page 120 for the MSR test as at 31 August 2019.</p>
Malus and clawback
<p>Malus</p> <p>On or before the vesting date of an award, the Remco may reduce the quantum of an award in whole or in part after an actual risk event (trigger event) occurs which, in the judgement of the Remco, had arisen during the relevant vesting or financial period.</p> <p>In the event of early termination of employment during the vesting period of an award, the Remco will consider whether a trigger event arose between the award date and the date of termination of employment.</p> <p>Clawback</p> <p>The Remco may apply clawback and take steps to recover awards that have vested in a participant (on a pre-tax basis) as a consequence of a trigger event which, in the judgement of the Remco, arose during the clawback period. The clawback period will run for three years from the vesting date of the awards.</p> <p>In the event of a breach of duties by a participant, Redefine reserves the right to pursue any remedies available to it in terms of the clawback policy, as well as common and statutory law.</p> <p>The clawback policy makes provision for the implementation of certain methods of recovery in the event that the participant disposes of the shares after the vesting date but before the clawback period ends, as well as in the event that the shares are retained throughout the clawback period.</p> <p>In the event of termination of employment by the participant during the clawback period (irrespective of whether the participant is classified as a good or bad leaver), the clawback period will be deemed to have come to an end on the date of termination of employment, subject to the company retaining the right to pursue remedies available to it in terms of the clawback policy, as well as common and statutory law.</p> <p>The summarised trigger events for malus and clawback include:</p> <div><div>▪ employee misbehaviour, dishonesty, fraud or gross misconduct</div><div>▪ a material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment in the audited consolidated accounts of Redefine (or an employer company)</div><div>▪ the assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information</div><div>▪ any information used to determine the quantum of a cash STI or long-term staff incentive scheme payment, or the number of shares subject to an LTI award was based on error, or inaccurate or misleading information, and/or</div><div>▪ events or behaviour of the employee that had a significant detrimental impact on the reputation of Redefine</div></div>
<p>Redefine’s malus and clawback policy applies to any variable pay awards (excluding the SPS) made from 1 September 2017 onwards. Decisions made by the Remco regarding the application of malus and/or clawback are final and binding.</p>

Part 2: The remuneration policy continued

Executive director service contracts

Executive directors are on standard employment contracts, with three-month notice periods. They will also be subject to the company's rotation policy for executive directors (expanded on in the corporate governance section of this report). While the normal retirement age is 65, the company's retirement policy makes provision for extending the working relationship between the executive and the company beyond the normal retirement age. There are no contractual arrangements for balloon payments or other special severance payments or loss of office payments on termination of employment for underperformance. For early termination, there is no automatic entitlement to bonuses or share-based payments, and any bonus payments made on early termination are at the Remco's discretion. There are no restraints of trade on executive directors.

While there is no automatic entitlement to a payment in the event of a change of control, LTIs will vest in accordance with the approved share plan rules.

Retirement arrangement – Marc Wainer

As noted previously, Marc Wainer stepped down as Redefine's executive chairman in May 2019 and retired as an executive director with effect from 31 August 2019. He also ceased to be a shareholder representative director of EPP N.V. and RDI REIT PLC, respectively, on that date. As is the case with all the executive directors, Marc was subject to a three-month notice period in terms of his contract of employment, which was taken into consideration when calculating his pro-rated vesting entitlements under the various LTIs. For the vesting outcomes of his in-flight awards refer to **pages 115-119** of this remuneration report. The calculations are in accordance with the retirement provisions of the LTI plan rules. For ease of reference, for RSS and MSS awards, the portion of the outstanding awards that vested on the date of his retirement reflected the number of months served since the award dates over the total number of months in the vesting periods, and the extent to which the performance conditions have been met at that date. As Marc retired at the end of the 2019 financial year, the performance conditions were reviewed by reference to the results reported by Redefine as at 31 August 2019. Marc, like all the executive directors, was not entitled to any STI payment at his retirement date or any other date thereafter, as no STIs were paid in respect of the 2019 financial year.

In recognition of Marc's invaluable contribution to Redefine, the board awarded Marc an *ex gratia* retirement settlement to the value of R10 324 418, which took the form of writing off the net outstanding debt under the SPS (after the sale of the scheme shares). As part of the retirement settlement, Marc forfeited the three months' notice pay that was due to him in terms of his employment contract.

The board agreed to retain Marc's unique deal-making skills through a consultancy agreement for an eighteen-month period ending on 28 February 2021. The agreement is structured as a monthly retainer to secure a first right on domestic and offshore investment opportunities identified or sourced by Marc. In cases where Marc acts as a broker on acquisitions and disposals that arise post his retirement date, and where he is the effective cause, Marc is entitled to receive a brokerage commission in line with market practice.

All payments made to Marc will be disclosed in the relevant period's annual financial statements. In line with good governance, the board has also resolved that the nomination and governance committee will have oversight of all payments made under the consultancy arrangement.

External appointments

Executive directors may not serve as non-executive directors in other companies without the express approval of the board.

Buy-out awards

Redefine may make buy-out awards to new executives and key employees. The awards will be made subject to a three-year vesting period. The fair value of the buy-out award will be equal to that of the award forfeited.

The award will also be subject to forfeiture should the employee leave the company during the vesting period.

Non-executive director fee policy

Non-executive director fees are reviewed annually, based on inflation, market benchmarks following research into trends in non-executive director remuneration among companies of a similar size, and complexity. The fees recognise the responsibilities borne by the director throughout the year and not only during meetings. The fees comprise an annual fee as tabulated in part 3 of this report.

The fee proposals endorsed by the board are proposed at the AGM for shareholder approval, by special resolution, prior to payment for the following financial year. Proposed non-executive director fees are set out on **page 113**. Non-executive directors are paid in cash.

In addition, non-executive directors are reimbursed for travel expenses on official business, where necessary, as well as other direct business-related expenses.

Non-executive directors do not participate in the company's variable pay plans in order to avoid any potential conflict of interest and to maintain their independence.

None of the non-executive directors have a contract of employment with the company. Their appointments are made in terms of the company's Memorandum of Incorporation and are confirmed initially at the first AGM of shareholders following their appointment, and thereafter at a minimum of three-year intervals.

Non-executive directors' proposed fees

In terms of Sections 66(8) and 66(9) of the Companies Act, the remuneration committee recommended that the company remunerate its non-executive directors for their services as directors and/or pay any fees related thereto as detailed in the following table. The proposed remuneration excludes value added tax (VAT), which will be added by the directors in accordance with current VAT legislation, where applicable.

Committee and role	FY2019 fees excl. VAT	Proposed FY2020 fees excl. VAT	Proposed % increase in FY2020 fees
Independent non-executive chairman	1 200 000	1 248 000	4
Lead independent director	596 000	631 760	6
Non-executive director	430 000	455 800	6
Audit committee chairperson	200 000	280 000	40
Audit committee member	100 000	152 000	52
Risk, compliance and technology committee chairperson	200 000	230 000	15
Risk, compliance and technology committee member	100 000	110 000	10
Remuneration committee chairperson	200 000	212 000	6
Remuneration committee member	100 000	106 000	6
Nomination committee chairperson	–	130 000	–
Nomination committee member	–	72 000	–
Social, ethics and transformation committee chairperson	200 000	212 000	6
Social, ethics and transformation committee member	100 000	106 000	6
Investment committee chairperson	200 000	212 000	6
Investment committee member	100 000	106 000	6

In terms of the proposed 2020 fees set out above, the company procured the services of an independent service provider to conduct a benchmarking analysis of the fees paid to the non-executive directors of Redefine's comparator group. The outcome of the analysis found that the previously approved practice of paying all committee chairs and members the same fees was not in line with market practice and, as a result, higher increases are proposed for members and the chairperson of the audit committee, as well as members and the chairperson of the risk, compliance and technology committee, in order to better align them with market benchmarks.

Furthermore, and as a result of the separation of the remuneration and the nomination and governance committees, two separate fees have been proposed for these committees.

The proposed 2020 non-executive directors' fees will be tabled for approval by shareholders in accordance with the Companies Act and King IV at the group's AGM to be held on 20 February 2020. Refer to shareholders' special resolution 2.1-2.15 in the notice of [AGM](#).

Shareholder engagement and voting

In line with King IV, the company will table its remuneration policy and implementation report for two separate non-binding advisory votes by shareholders at the AGM. In the event that 25% or more of the shareholders vote against either resolution (or both), the Remco will engage with the dissenting shareholders to ascertain their concerns with the company's remuneration framework.

The Remco may engage with shareholders, using one or more of the following methods:

- Emails, telephone calls with individual shareholders (where one-on-one meetings are not feasible), meetings and other methods of communication to the relevant contact persons at the shareholders, after the AGM concerned (and throughout the financial year), regarding the reasons for the dissenting votes, and

- Responses to shareholder queries explaining, in more detail, the elements of the remuneration policy that caused concern. Where appropriate, the board may resolve to amend certain elements of the remuneration policy to align the policy to market norms

The Remco may take steps to address the valid and reasonable concerns raised by dissenting shareholders and disclose the full shareholder engagement process, responses and resolutions in part 1 of the remuneration report for the following financial year.

The remuneration policy contained in this section is subject to a non-binding advisory vote by shareholders at the AGM dated 20 February 2020.

Part 3: Implementation of the remuneration policy

Executive directors' and prescribed officers' remuneration

Adherence to the remuneration policy

The Remco monitored the implementation of the remuneration policy in FY2019 and is of the view that there were no deviations from the remuneration policy in FY2019.

The Remco reviewed executive pay increase levels against comparative data and market benchmarks; however, it did not conduct a rebasing exercise for executive TGP levels in FY2019.

Internal wage gap

Redefine is committed to addressing the internal wage gap. In this regard, when determining average executive remuneration increase levels, we have taken into account the average increase levels for middle management and general employees.

Overall, salaries increased by 7% on a like-for-like basis compared to FY2018. Redefine recognises that the employees at the lower levels in the organisation, in particular, have been affected by the current economic environment. As a responsible employer and in order to assist these employees, Redefine increased salaries, effective September 2018 (for FY2019), for junior staff by an average of 8% (FY2018: 8.2%), senior and mid-level staff on average by 7% (FY2018: 7.3%) and executives by 6% (FY2018: 6.0%), respectively. In addition to the salary increases, the long-term staff incentive scheme further assists in reducing the internal wage gap and gradually creates wealth for our more junior staff.

Executive remuneration

The table below provides an analysis of remuneration received in FY2019 (compared to FY2018), presented as the total remuneration of executives.

Executives		Short-term	Long-term	Post-employment		
Figures in R'000	Salary and allowances	Bonuses and performance-related payments [#]	Other benefits and payments	Share schemes [#]	Retirement benefits	Total
FY2019						
AJ König	4 293	4 202	130	7 880	600	17 105
LC Kok	3 200	3 380	201	5 726	461	12 968
M Wainer	5 634	5 252	596 [^]	10 378	–	21 860
DH Rice*	3 695	3 809	222	6 978	415	15 119
MJ Ruttell*	2 492	2 144	–	2 712	–	7 348
	19 314	18 787	1 149	33 674	1 476	74 400
FY2018						
AJ König	4 083	–	117	6 797	519	11 516
LC Kok	3 044	–	182	3 170	399	6 795
M Wainer	5 431	–	1 087 [^]	8 721	–	15 239
DH Rice*	3 582	–	219	6 148	367	10 316
MJ Ruttell*	2 385	–	–	2 724	–	5 109
	18 525	–	1 605	27 560	1 285	48 975

[^] Fees for executive directors sitting on company boards that are part of the group are earned by Redefine Properties Limited, except for a fee of R440 343 (2018: R897 688) paid to M Wainer in his capacity as non-executive director for the Cromwell Property Group. This has been included in the other benefits and payments column.

* DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act.

[#] Long- and short-term incentive schemes paid in a financial year relate to the company and individual performance outcomes for the previous financial year. No STIs were paid in respect of the 2017 financial year.

STI 2019 Variable pay performance outcomes

The tables below show the average STI outcomes against each element of the STI performance metrics.

Company financial performance		
Performance measurement scale: Total return based on TNAV	Total return based on TNAV	Score
If total return: <div><div>Year-on-year change in RDF TNAV per share + distribution for the year per share RDF opening TNAV</div><div>X100</div><div>= Total return %</div><div>-32.25 + 101.00 976.93 X100 = 7.04%</div></div>	0 – 9.9%	0%*
	10.0-10.9%	30%
	11.0-11.9%	34%
	12.0-12.9%	38%
	13.0-13.9%	42%
	14.0-14.9%	46%
	15.0% +	50%

* As Redefine's total return based on TNAV was 7.04%, the score for company financial performance was 0%.

Individual performance

Each executive has been rated on KPIs based on the five strategic matters specific to each of them. These individual KPIs have additional elements of company financial performance, which have a direct influence on Redefine's cash flow and profitability, as well as behavioural competencies such as leadership, values, transformation and sustainability.

	Andrew König	Leon Kok	Marc Wainer	David Rice	Mike Ruttell
<div>GR</div> <div>Grow reputation</div>	Integrated thinking and brand strength	Active risk and compliance management	Business and industry mentorship	Advance integrated engagement with tenants	Compliance, sustainability and impact of projects
<div>IS</div> <div>Invest strategically</div>	Allocation of capital	Balance sheet management	Offshore asset value growth	Local property portfolio growth in value	Develop for capital uplift
<div>OC</div> <div>Optimise capital</div>	Optimising cost of capital	Optimising cost of debt	Deployment of capital offshore	Strategy for each property	Make the best use of scarce capital
<div>OE</div> <div>Operate efficiently</div>	Recurring income growth	Maintain operating margin	NOI growth on active offshore portfolio	NOI growth on active portfolio	Development on budget to timeline and quality specifications
<div>ET</div> <div>Engage talent</div>	Mentor and guide to promote an engaged workforce	Mentor and guide to ensure fair and consistent human resource practices	Promote a culture of leadership in Redefine	Promote leadership behaviour to ensure a collaborative workforce	Promote leadership behaviour to ensure a collaborative workforce
Individual performance	27.0% out of 50%	41.0% out of 50%	34.0% out of 50%	29.0% out of 50%	26.8% out of 50%

Part 3: Implementation of the remuneration policy continued

STI 2019 Variable pay performance outcomes

Executives	Company financial performance (total return based on TNAV)	Individual performance	FY2019 STI score	Adjusted FY2019* STI score
Total weighting	50%	50%	100%	100%
AJ König	0.0%	27.0%	27.0%	0.0%
LC Kok	0.0%	41.0%	41.0%	0.0%
M Wainer	0.0%	34.0%	34.0%	0.0%
DH Rice	0.0%	29.0%	29.0%	0.0%
MJ Ruttell	0.0%	26.8%	26.8%	0.0%
Executives	Adjusted STI score	TGP R'000	Cash bonus R'000	Deferred portion R'000
AJ König	0.0%	5 302	-	-
LC Kok	0.0%	4 071	-	-
M Wainer	0.0%	5 968	-	-
DH Rice	0.0%	4 684	-	-
MJ Ruttell	0.0%	2 680	-	-

* Adjusted STI score due to the overall performance score falling below 60%.

LTI Unvested awards

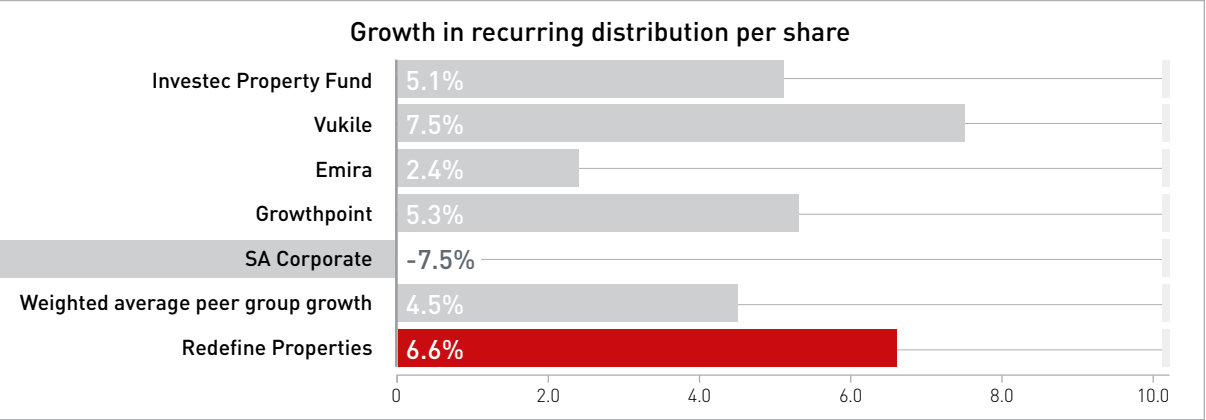
The table below illustrates on an individual executive level the value of LTIs allocated, settled, forfeited and the current value of shares not yet settled.

			Number of shares				Value		
Executive	Scheme	Financial year granted	1 September 2018	Allocated in year	Forfeited	Vested	31 August 2019	Closing share price 31 August 2019 R	Total estimated value R'000
AJ König	RSS	2017/18/19	1 111 530	434 081	-	(300 000)	1 245 611	7.85	9 778
	MSS	2017/18/19	1 261 320	422 769	(28 563)	(306 156)	1 349 370	7.85	10 593
	Deferred STI	2017/2019	328 565	434 081	-	(207 657)	554 989	7.85	4 357
LC Kok	RSS	2017/18/19	784 780	349 184	-	(230 000)	903 964	7.85	7 096
	MSS	2017/18/19	868 668	391 260	(18 504)	(201 948)	1 039 476	7.85	8 160
	Deferred STI	2017/2019	252 291	349 184	-	(159 451)	442 024	7.85	3 470
M Wainer	RSS	2017/18/19	1 422 450	542 561	-	(400 000)	1 565 011	7.85	12 285
	MSS	2017/18/19	1 564 509	-	(34 192)	(392 486)	1 137 831	7.85	8 932
	Deferred STI	2017/2019	444 836	542 561	-	(279 373)	708 024	7.85	5 558
DH Rice	RSS	2017/18/19	874 156	393 480	-	(275 000)	992 636	7.85	7 792
	MSS	2017/18/19	1 110 729	42 135	(30 923)	(266 026)	855 915	7.85	6 719
	Deferred STI	2017/2019	282 605	393 480	-	(179 616)	496 469	7.85	3 897
MJ Ruttell	RSS	2017/18/19	519 917	221 469	-	(155 000)	586 386	7.85	4 603
	MSS	2017/18/19	232 164	-	(2 220)	(21 663)	208 281	7.85	1 635
	Deferred STI	2017/2019	163 089	221 469	-	(103 438)	281 120	7.85	2 207

LTI 2019 Variable pay performance outcomes

Each executive is measured based on company financial performance (growth in distributions and achievement of budget) and individual performance (STI score).

The tables below show the LTI outcomes against each element of the LTI performance metrics.



Company financial performance		
Growth in distribution	Vesting	
Scheme	RSS	MSS
Weighting	30.0%	35.0%
Target achieved		
No – below peer distribution	0.0%	0.0%
Yes – equal to peer distribution growth	30.0%	35.0%
Available stretch		
Between 0.10%-0.49% better than peer distribution growth	33.0%	38.5%
Between 0.5%-0.99% better than peer distribution growth	36.0%	42.0%
Above 1.0% better than peer distribution growth	39.0%	45.5%

Achievement of budget		
Vesting		
Scheme	RSS	MSS
Weighting	30.0%	35.0%
Target achieved		
No – below budget	0.0%	0.0%
Yes – budget achieved	30.0%	35.0%
Available stretch		
Between 0.10%-0.49% better	33.0%	38.5%
Between 0.5%-0.99% better	36.0%	42.0%
1.0% better than budget	39.0%	45.5%

Part 3: Implementation of the remuneration policy continued

LTI 2019 Variable pay performance outcomes

Individual performance	Vesting	
	RSS	MSS
Scheme		
Weighting	15.0%	30.0%
AJ König	4.05%	8.10%
LC Kok	6.15%	12.30%
M Wainer	5.10%	10.20%
DH Rice	4.35%	8.70%
MJ Ruttell	4.02%	8.04%
Automatic vesting		
Retention	25.0%	N/A

LTI 2019 Total scheme score (company financial performance + individual performance)

Total RSS scheme score						
	Growth in distribution	Achievement of budget	Individual performance	Automatic vesting	2019 LTI score	Adjusted 2019 LTI score*
AJ König	39.0%	30.0%	4.05%	25.0%	98.05%	98.05%
LC Kok	39.0%	30.0%	6.15%	25.0%	100.15%	100.00%
M Wainer	39.0%	30.0%	5.10%	25.0%	99.10%	99.10%
DH Rice	39.0%	30.0%	4.35%	25.0%	98.35%	98.35%
MJ Ruttell	39.0%	30.0%	4.02%	25.0%	98.02%	98.02%

* Limited to 100%.

Total MSS scheme score						
	Growth in distribution	Achievement of budget	Individual performance	Automatic vesting	2019 LTI score	Adjusted 2019 LTI score*
AJ König	45.5%	35.0%	8.10%	N/A	88.60%	88.60%
LC Kok	45.5%	35.0%	12.30%	N/A	92.80%	92.80%
M Wainer	45.5%	35.0%	10.20%	N/A	90.70%	90.70%
DH Rice	45.5%	35.0%	8.70%	N/A	89.20%	89.20%
MJ Ruttell	45.5%	35.0%	8.04%	N/A	88.54%	88.54%

* Limited to 100%.

LTI Shares vested in terms of the three-year average

Restricted Share Scheme			
Executive	Three-year cumulative LTI score	Award available for vesting	Shares vested November 2019
AJ König	98.50%	365 000	359 525
LC Kok	99.22%	248 000	246 065
M Wainer***	99.06%	1 203 304	1 191 992
DH Rice	97.71%	267 000	260 885
MJ Ruttell	98.16%	163 000	160 000

Matching Share Scheme			
Executive	Three-year cumulative LTI score	Award available for vesting	Shares vested November 2019
AJ König	92.83%	443 370	411 595
LC Kok	94.37%	308 625	291 259
M Wainer***	93.95%	906 423	851 614
DH Rice	91.25%	392 580	358 242
MJ Ruttell	92.15%	34 401	31 701

STI Deferred portion under the Restricted Share Scheme

Executive	Automatic vesting 2016	Automatic vesting 2017*	Automatic vesting 2018	Shares vested November 2019
AJ König	120 908	–	144 694	265 602
LC Kok	92 840	–	116 395	209 235
M Wainer**	165 463	–	542 561	708 024
DH Rice	102 988	–	131 160	234 148
MJ Ruttell	59 650	–	73 823	133 473

* As the overall STI score was less than 60%, no STI bonus was paid in 2017.

** Accelerated vesting on retirement.

*** Prorated vesting on retirement.

LTI Share Purchase Scheme

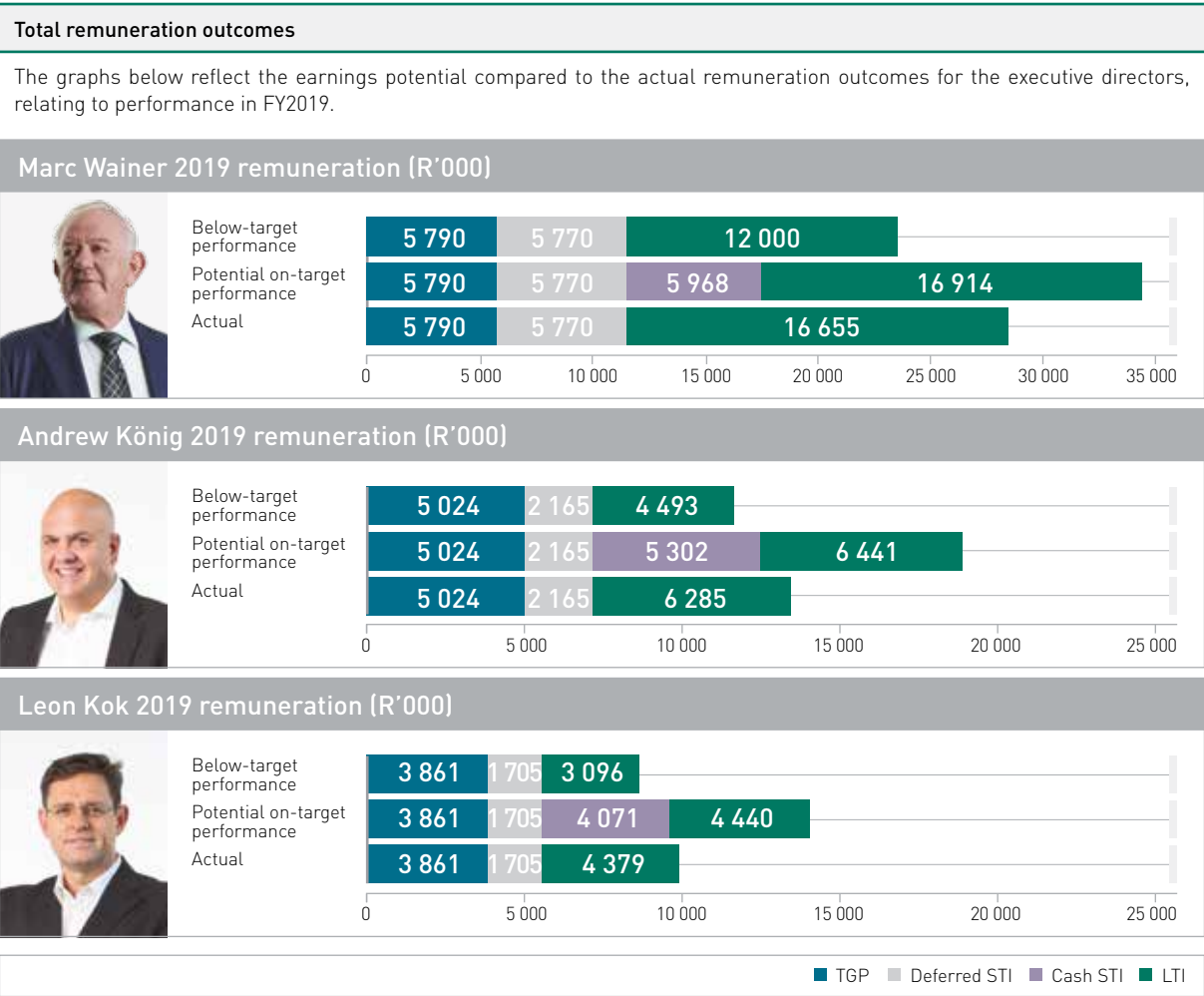
In terms of the SPS, the executives were able to purchase Redefine shares by way of loan from the company. The loan bears an interest rate of JIBAR plus 2% and is secured by the shares purchased under this scheme. This is not considered remuneration, as the directors pay Redefine a market-related interest rate and bear real financial risk. No further awards will be made under the SPS and the last award was made in December 2015.

Number of shares purchased under the Share Purchase Scheme				
Executive	August 2018	Acquired	Disposed	August 2019
AJ König	3 339 143	–	–	3 339 143
LC Kok	1 200 000	–	–	1 200 000
M Wainer	3 632 751	–	–	3 632 751
DH Rice	800 000	–	–	800 000
MJ Ruttell	–	–	–	–

Part 3: Implementation of the remuneration policy continued

APPROVED LTI DILUTION LIMITS

The board has resolved that the company settles the LTI awards made in terms of the LTI scheme by buying shares in the market, thus no shares were issued to settle any LTI obligation.



Minimum shareholding requirement

The following table sets out the extent to which the MSR requirements have been met as at 31 August 2019.

Executive		TARGET	Compliance (target achieved)
AJ König	276%	200%	YES
LC Kok	234%	200%	YES
M Wainer	1769%	200%	YES
DH Rice	250%	200%	YES
MJ Ruttell	226%	200%	YES

MSR actual (% of TGP)

MSR target (% of TGP)

Non-executive directors' fees

The table below shows the fees paid to non-executive directors in FY2019. Please note that these fees were deemed to be VAT exclusive.

Non-executive director	Fees paid in FY2019
A Dambuza	630 000
B Mathews	996 000
B Nackan*	390 000
D Nathan**	157 500
D Naidoo#	-
H Mehta^	680 000
L Sennelo	763 333
M Barkhuysen	596 667
N Langa-Royds	755 000
P Langeni&	157 500
SM Pityana%	533 333
S Zilwa^	484 167

* B Nackan retired from subcommittees, from November 2018 and the board in February 2019.

** D Nathan resigned from the board in November 2018.

D Naidoo was appointed to the board in August 2019 and to subcommittees in October 2019.

^ H Mehta resigned from the board in November 2019 and from subcommittees in July 2019.

& P Langeni resigned from the board in November 2018.

% SM Pityana was appointed to the board in May 2019.

^ S Zilwa resigned from the board in April 2019.

The board is of the view that the current fee structure of an annual fee, rather than a retainer and meeting attendance fee, is more appropriate for the board and the committees in light of the workload and responsibilities of the members.

Non-executive directors' fees are paid quarterly in arrears. The performance of directors is assessed by the chairperson of the nominations and governance committee on an ongoing basis and by way of an annual board assessment.

Approval

This remuneration report was approved by the remuneration committee of Redefine on 20 December 2019.

The implementation report in this section is subject to a non-binding advisory vote by shareholders at the AGM dated 20 February 2020.



impact **enterprise**
operate create **innovate**
grow



Our **dreams** are
never as far off
as they seem.

Praise Majwafi
Finalist in the
Innovation Challenge 2019



expand **dream**
lead **flourish**
engage **collaborate**

ESG scorecard

Creating spaces to... **dream**

Praise Majwafi has always been *that* kid – the one who needed to dismantle something just to understand how it was put together in the first place. While this type of thinking may have driven his family crazy in his youth, it has been his greatest asset as he’s stepped into the world as a young adult seeking to solve the problems he’s confronted with daily.

Indeed, Praise has not only put his pioneering mindset to work through his course of study by pursuing a BCom in Business Innovation, but he has also started his own company, Gen Verified, as a springboard to solving the problems of past generations while preparing for future challenges. Moreover, when he spotted the advertisement for the *Innovation Challenge*, after giving it some thought, it seemed a natural next step in the journey his out-of-the-box style of thinking had taken him on thus far.

Praise is quick to point out that the experience of being involved in the *Innovation Challenge* has helped him to channel his innovative thinking. Through the process of the competition, his idea has evolved into a workable concept that could provide affordable and flexible office space to entrepreneurs and corporates alike, who find themselves operating in a continually changing business context. Praise says he has the input of his mentor, Alberto Pontiggia, and the *Innovation Challenge* judges to thank for that.

Keeping with the dogged determination that has gotten him this far in life, Praise did not stop developing the concept following the competition. He has gathered a network of like-minded individuals around him and is still pursuing his dream. He, too, is seeking to pour into others along this journey, and has moved quickly from mentee to informal mentor. “Many people relate to my struggles, working hard to make their dreams come true in a challenging environment, and want to tap into available resources but just don’t know how to go about it.” He has found conversing with others about their struggles and being able to offer advice based on his own experience an enriching process.

Praise went on to be a finalist in the *Innovation Challenge* competition, and although he did not win, his experience has positively contributed to his growth. “We were all winners because we were all changed by the experience – it helped us to realise our own capabilities. Our dreams are never as far off as they seem. I was this close to what I wanted – and it has given me a renewed energy to forge the future of my dreams.”

dream, verb
‘a cherished aspiration, ambition, or ideal’



Self-assessment of ESG scorecard

Self-assessment on environmental-related matters

Commitment to good environmental practices			Notes
Environmental			
COMPLIANCE WITH LOCAL ENVIRONMENTAL LAWS	<div>Does the company comply with all relevant local environmental laws, standards and regulations?</div>		Redefine complies with all relevant local environmental laws, standards and regulations.
RISK MANAGEMENT	<div>Does the company assess the environmental risks arising from its operations? What processes are in place?</div>		<p>Redefine assesses the environmental risks arising from its operations and risk management procedures.</p> <p>Environmental issues are integrated into a multidisciplinary, company-wide risk management process.</p>
	<div>Please elaborate, e.g. a risk plan that identifies the risk and mitigates it.</div>		<p>An enterprise risk management framework is applied consistently across all business units and incorporates the identification and assessment of risks at both an asset and company level.</p> <p>A review of all risks identified, and possible new risks, is carried out annually, with quarterly updates. After risk identification, a rating table is developed which determines the risks' possible impacts and likelihood of occurrence. Mitigating factors are similarly identified in relation to identified risks.</p> <p>Our Green Star strategy further ensures that we review our buildings' environmental and social risks, which enhances building longevity and resilience.</p> <p>For more information, please refer to our ESG report.</p>
EMISSIONS	<div>Does the company take action to reduce greenhouse gas emissions?</div> <div>If yes, how does the company offset carbon emissions?</div>		<p>Redefine has a rolling year-on-year target to reduce Scope 1 and 2 emissions per square meter (GLA) by 5%. Continuous property acquisitions and disposals affect the absolute footprint of the company. Therefore, the intensity target of metric tonnes CO₂e per square meter (GLA) is used, as this ensures that the target can be better tracked year on year. Please note, this does not include Scope 3 emissions and out of Scope (non-Kyoto) emissions. Our Scope 1 and 2 emissions per square meter (GLA) reduced by 28% from 2018 to 2019.</p> <p>Redefine has chosen to focus on reducing Scope 1 and 2 emissions as this is where the company has the most control. Redefine's Scope 2 emissions have decreased due to the company's strategy to improve the efficiency of the portfolio, to install renewable energy, and to recover more electricity from tenants.</p> <p>Our Scope 1 emissions increased by 2%, however our emissions as a result of stationary combustion increased by 207%. This is a direct result of failing grid-supply infrastructure and loadshedding. Our diesel consumption from standby power generators increased from 218 278 litres in 2018 to 671 130 litres in 2019.</p> <p>Redefine is in the process of reviewing all sustainability targets, and aim to implement science-based targets.</p> <p>For more information, please refer to the environmental section in the ESG report.</p>

Commitment to good environmental practices			Notes
EMISSIONS	<div>Does the company disclose carbon emissions?</div>		<p>Redefine discloses carbon emissions in, <i>inter alia</i>, its integrated report, sustainability report and various other benchmarking platforms – DJSI, GRESB, and CDP.</p> <p>For more information, please refer to the natural capital and environmental sections in our IR and ESG reports.</p>
ENERGY CONSUMPTION	<div>Has the company planned or taken any measures to reduce or optimise its energy consumption? If yes, explain.</div>		<p>Redefine is continually refining its energy strategy in line with best practice and business requirements. The cost and continuity of electricity supply are financial drivers promoting investment in energy-efficiency projects. The energy strategy has the initial aim of implementing alternative and/or renewable energy sources and reducing the consumption of several energy-intensive buildings. Lighting systems are being retrofitted with efficient lighting technology and solar PV plants are being installed to provide renewable energy.</p> <p>During 2019, we increased our renewable energy capacity to 23 662 kWp. We also achieved a combined energy reduction through efficiency and renewable projects of 36 654 MWh.</p> <p>For more information, please refer to the natural capital and environmental sections in our IR and ESG reports.</p>
WASTE MANAGEMENT AND RECYCLING	<div>Has the company planned or taken any measures to reduce or optimise its waste consumption? If yes, explain.</div>		<p>Redefine conducted its third full waste footprint during 2018 for inclusion in its carbon footprint. The waste footprint provides a platform to track and inform waste-to-landfill reduction targets. Waste management and removal services are still mainly done by municipalities, however we managed to increase external waste management efforts to cover 30% of our total GLA [2018: 24%]. Redefine strives to further reduce the impact that external environmental factors, such as waste proliferation, have on business operations. The company has consequently identified material issues that require continuous attention and implemented 'adaptation' or 'mitigation' strategies to reduce the risk of these material environmental concerns. Our recycling efforts have not increased significantly from 2018 to 2019, however we continuously review waste management improvement opportunities where financially viable and remain largely dependent on tenant behaviour and activities.</p>
WATER STEWARDSHIP	<div>Has the company planned or taken any measures to reduce or optimise its water consumption? If yes, explain.</div>		<p>Redefine reports on water consumption as part of its annual carbon footprint assessment. Water consumption is tracked through the record of water meter readings or water consumption readings provided by municipalities. Using a like-for-like comparison on properties in the portfolio in 2018, our water footprint has reduced by 9.% [2018: 9.1%], again achieving our 5% year-on-year target. Redefine will continue to install more water meters at its key and other water-intensive properties and continues to implement water-efficiency, recycling and security projects. We are considering different approaches to setting water reduction targets. During 2019, we added measurement of groundwater extraction sources such as boreholes since we have increased our water security efforts through these initiatives. Our total water withdrawal from ground water sources amounted to 73 557 kl in 2019.</p>

Self-assessment of ESG scorecard continued

Commitment to good environmental practices		Notes
GREEN BUILDING	<ul style="list-style-type: none">Does the company measure the environmental performance of its individual properties?	<p>We have developed an integrated approach to holistically evaluate and optimise the environmental performance of our properties. We continue to benchmark the performance of our properties and strive to increase the number of Green Star SA certifications in our portfolio. We have obtained 74 Green Star SA certifications, covering 45% of our total office GLA to date. We also aim for all new buildings to be minimum 4-star Green Star SA-certified.</p> <p>For new construction and major renovation projects, the following key considerations are incorporated into our project management strategy and approach:</p> <ul style="list-style-type: none">Biodiversity and habitatClimate/climate change adaptationEnergy consumption/managementEnvironmental attributes of building materialsGHG emissions/managementGreen building certificationsBuilding safetyHealth and wellbeingLocation and transportationResilienceSupply chainWater consumption/management
GLOBAL COMPACT PRINCIPLE Principle 7: Businesses should support a precautionary approach to environmental challenges. It is more cost-effective to take early action to ensure that irreversible environmental damage does not occur. Companies should seek to promote environmental responsibility.	<ul style="list-style-type: none">Does the company have a code of conduct or practice for its operations and products that confirms commitment to care for health and the environment?	<p>Redefine has developed an environmental policy to reflect our vision regarding future environmental performance and to demonstrate our commitment to meaningfully contributing to improving the environment.</p> <p>The policy encompasses all operations in Redefine’s portfolio and includes the commitment to make resources available for the effective integration, management and implementation of the policy. The company similarly has various policies, including a code of conduct, in place, which demonstrates the company’s commitment.</p> <p>Please refer to our website for additional information.</p>
	<ul style="list-style-type: none">Does the company have a mechanism for two-way communication with stakeholders, in a proactive, early stage and transparent manner, to ensure effective communication of information about uncertainties and potential risks and to deal with related enquiries and complaints?	<p>Stakeholder engagement and communication is proactively managed and driven through various channels and across platforms, targeting all of Redefine’s key stakeholders. Community complaints are taken seriously and dealt with through a centralised call centre. These complaints are dealt with timeously and effectively through evolving business processes.</p> <p>We publicly report on the processes and tools used to identify and prioritise critical environmental issues within the sustainability strategy, including a consideration of the impact on the company’s business performance.</p> <p>For more information, please refer to our social and relationship capital sections in our IR and ESG reports.</p>

Commitment to good environmental practices		Notes
	<ul style="list-style-type: none">Does the company measure, track and communicate progress in incorporating sustainability principles into business practices, including reporting against global operating standards?	<p>Redefine measures, tracks and communicates progress in incorporating sustainability principles into business practices and reports against global operating standards, including CDP (climate change and water security), GRESB and DJSI. The company is on the sustainability committee of the South African Property Owners Association and we are members of the Green Building Council of South Africa. Ilse Swanepoel (head of utilities) is the non-executive chair of GBCSA.</p>
	<ul style="list-style-type: none">Do the company’s vision, policies and strategies include the ‘triple bottom line’ of sustainable development – economic prosperity, environmental quality and social equity?	<p>Redefine integrates the principles of the triple bottom line and good governance into its business activities, vision, policies and strategies.</p> <p>For more information, please refer to our IR and ESG reports.</p>
	<ul style="list-style-type: none">Do the company’s vision, policies and strategies include sustainability targets and indicators (economic, environmental and social)?	<p>Redefine’s vision, policies and strategies include sustainability targets and indicators.</p> <p>For more information, please refer to our ESG report.</p>
	<ul style="list-style-type: none">Does the company work with suppliers to improve environmental performance, extending responsibility up the product chain and down the supply chain?	<p>We acknowledge our responsibility not just to manage and minimise our day-to-day environmental impacts, but also to share good practices and influence our partners. We undertake to familiarise ourselves with the environmental practices of our supply chain and/or other companies from which we source significant inputs and continuously monitor compliance with these practices. We continue to engage with suppliers, which will encourage replication of the company’s sustainability practices.</p>

Self-assessment of ESG scorecard continued

Labour and working conditions		Notes
<div> Social</div>		
COMPLIANCE WITH LOCAL LAWS	<div>▫ Does the company comply with all relevant local labour laws, standards and regulations? If not, then state in which ones it is non-compliant and the reason/s?</div>	Redefine does comply with all relevant local labour laws, standards and regulations.
MINIMUM WAGE	<div>▫ Does the company adhere to local and/or industry minimum wage standards? If not, then state why?</div>	We comply and adhere to minimum wage determinations.
DISCRIMINATION	<div>▫ Does the company have a non-discriminatory policy with respect to gender, race, colour, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, or HIV status? If yes, then please provide a copy.</div>	<div>We have a non-discriminatory policy in place.</div> <div>For additional information, please refer to the human capital section in our IR report.</div>
	<div>▫ Does the workforce appear to be representative of the local population with respect to gender, race, etc.?</div>	<div>Redefine is representative of the local population at entry, junior and mid-management levels.</div> <div>For a detailed breakdown of employment equity statistics, refer to the employee section in our ESG report.</div>
HUMAN RESOURCES	<div>▫ Does the company have a human resource policy which informs workers of their rights and conditions of employment?</div>	Redefine has numerous human resources policies which inform workers of their rights and conditions of employment. This information is contained in our internal human resources policy and procedure document and is available to employees on our intranet.
	<div>▫ Are proper contracts in place for all staff, including temporary and seasonal workers?</div>	All our employees, including temporary and contract workers, have employment contracts in place.
SUPPLY CHAIN	<div>▫ Is the company aware of the labour practices of its sub-contractors and/or other companies from which it sources significant inputs?</div>	We undertake to familiarise ourselves with the labour practices of our sub-contractors and/or other companies from which we source significant inputs, and continuously monitor compliance with these practices. We have a policy and code of conduct for our sub-contractors which cover issues, including, <i>inter alia</i> , ILO conventions and working conditions, and we encourage replication of our labour practices down the supply chain.
COMPLIANCE WITH LOCAL LAWS	<div>▫ Does the company comply with all relevant local health and safety laws, standards and regulations? If not, then state why.</div>	We comply with all relevant local health and safety laws, standards and regulations and have accordingly appointed health and safety service providers to assist with and monitor compliance in terms of the Occupational Health and Safety Act. Compliance assessments are conducted on a quarterly basis.

Labour and working conditions		Notes
COMMUNITY HEALTH AND SAFETY	<div>▫ Are there any health and safety risks for local communities or consumers associated with the company's operations or products?</div>	The nature of the majority of Redefine's operations is such that no material health and safety risks arise for local communities and/or consumers. However, when undertaking a new or redevelopment, and/or where significant construction is taking place, appropriate precautions are taken to ensure that any potential health and safety risks that might arise are limited to the extent possible.
SUPPLY CHAIN	<div>▫ Is the company aware of the health and safety practices of its sub-contractors and/or other companies from which it sources significant inputs?</div>	We are aware, as far as possible, of the health and safety practices of our sub-contractors and/or other companies from which we source significant inputs. As part of the general health and safety processes within the company, all service providers are required to sign an Occupational Health and Safety Act Section 37(2) Agreement, wherein they agree to adhere to our health and safety regulations and perform all work and use all machinery and plant in accordance with the provisions of the said Act. Service providers are also required to keep a health and safety file that must be immediately available for inspection upon request by Redefine.
LOCAL COMMUNITIES	<div>▫ What risks have been identified as a result of the company's activities for local communities and other stakeholders? Please elaborate if there are any.</div>	No risks have been identified as a result of our activities for local communities and other stakeholders.
	<div>▫ If there is any significant impact, has the company conducted a social impact assessment and followed up on its findings and recommendations with mitigating measures?</div>	Not applicable.
	<div>▫ Is there a procedure for managing community complaints?</div>	<div>Stakeholder engagement and communication is proactively managed and driven through various channels and across platforms, targeting all of the company's key stakeholders. Community complaints are taken seriously and dealt with through a centralised call centre. These complaints are dealt with timeously and effectively through evolving business processes.</div> <div>For more information, please refer to our IR and ESG reports.</div>
RELOCATION	<div>▫ Are people being moved as a result of the company's new or expanded operations?</div>	No people have been relocated as a result of Redefine's new or expanded operations.

Self-assessment of ESG scorecard continued

Corporate governance structures and processes		Notes
<div><div></div><div>Governance</div></div>		
COMMITMENT TO GOOD CORPORATE GOVERNANCE	<div><div>▫</div>Does the company have a corporate governance code and/or policies?</div>	<p>Redefine has a formal code of business conduct among other governance and ethics-related policies. The policies are central to the growth and sustainability of the company and are designed to entrench a culture of intolerance towards unethical conduct, fraud and corruption.</p> <p>The policies address the key ethical risks of the company and include grievance mechanisms, as well as a whistle-blowing policy, that offer several anonymous and secure avenues for reporting unethical conduct.</p>
	<div><div>▫</div>Does the company have a designated officer responsible for ensuring compliance with the company's corporate governance policies?</div>	<p>The financial director, head of risk and compliance and company secretary are responsible for ensuring compliance with the company's corporate governance policies.</p> <p>For more information on the board's compliance governance processes, see page 84 of this report.</p>
ROLES AND FUNCTIONS OF THE BOARD	<div><div>▫</div>Does the company have a charter or articles of incorporation according to local legislation, with provisions on:<div><div>i.</div>Protection of shareholder rights and the equitable treatment of shareholders?<div><div>ii.</div>Distribution of authority between the annual general meeting of shareholders, the board of directors and executive bodies?<div><div>iii.</div>Information disclosure and transparency of the company's activities?<div><div>iv.</div>Shareholder agreements, provisions of the company's charter, or informal understandings that specify which shareholders appoint directors?</div></div></div></div></div>	<p>Redefine's MOI includes provisions on the protection of shareholder rights and the equitable treatment of shareholders.</p> <p>In line with these provisions, the company practices the principle of "equality of disclosure" which ensures that all shareholders receive information equally. Major shareholders do not have privileged access to information that is unavailable to minority shareholders. Similarly, all issued shares are of the same class, each of which ranks pari passu in respect of all rights and entitles the holder to vote on any matter to be decided by the shareholders of the company, and to one vote in respect of each share held.</p> <p>The MOI details the distribution of authority between shareholders, directors and executive bodies and prescribes the manner in which directors are appointed by shareholders. All shareholders have the right to nominate directors for appointment. For directors' appointments to be approved, the relevant resolutions need to be supported by more than 50% of the voting rights exercised by shareholders.</p> <p>Details regarding the company's activities are transparently disclosed in the IR and other external reports, ensuring that stakeholders are able to make informed assessments of the company's performance.</p>
	<div><div>▫</div>Does the company have board sub-committees with independent non-executive members?</div>	<p>The company has the following board sub-committees, all of which are comprised of independent non-executive directors:</p> <div><div>▫</div>Audit committee<div><div>▫</div>Risk, compliance and technology committee<div><div>▫</div>Remuneration committee<div><div>▫</div>Nomination and governance committee<div><div>▫</div>Social, ethics and transformation committee<div><div>▫</div>Investment committee</div></div></div></div></div></div> <p>For more information regarding the composition and activities of the sub-committees, see pages 71-81 of this report.</p>

Corporate governance structures and processes		Notes
	<div><div>▫</div>Is the role of the board of directors defined in relation to management, particularly with respect to the following:<div><div>▫</div>Setting strategy and vision of the company<div><div>▫</div>Selection of the CEO and senior management<div><div>▫</div>Risk management, oversight of internal controls, external audit and preparation of financial statements<div><div>▫</div>Major capital expenditures and large-value transactions</div></div></div></div></div>	<p>The roles of the board of directors and of executive management are defined in the board charter.</p> <p>The board's primary governance role and responsibilities include:</p> <div><div>▫</div>Steering and setting strategic direction (including in relation to risk governance)<div><div>▫</div>Approving policy and planning<div><div>▫</div>Oversight and monitoring<div><div>▫</div>Ensuring accountability</div></div></div></div> <p>The board appoints the CEO and other members of the company's executive committee and is responsible for ensuring role clarity and the effective exercise of authority and responsibilities.</p> <p>During 2019, the board's role in relation to risk management was delegated to the risk, compliance and technology committee, while oversight of internal controls, external audit and the preparation of financial statements was delegated to the audit committee. Such delegation is done in accordance with detailed mandates and although delegated, the board retains effective control over, and responsibility for, such duties.</p> <p>Major capital expenditures and large-value transactions are dealt with and monitored in accordance with the company's delegation of authority framework.</p>
	<div><div>▫</div>Does the board have an independent non-executive director as chairperson?</div>	<p>Mr SM Pityana, an independent non-executive chairman, leads the board in the objective and effective discharge of its governance role and responsibilities. Ms B Mathews, the lead independent director, strengthens the independence of the board and leads in the absence of the chair.</p> <p>The role of the chairman is distinct and separate from that of the chief executive officer (CEO) and the separation of responsibilities is designed to ensure that no single person has unfettered decision-making powers, and that appropriate balances of power and authority exist on the board.</p>
	<div><div>▫</div>Is the chairperson of the board a majority shareholder?</div>	<p>Neither the chairman nor the LID are shareholders in the company.</p>
	<div><div>▫</div>Is the chief financial officer of the company a director, e.g. financial director?</div>	<p>The chief financial officer of the company, Mr Kok, is the financial director and is a member of the company's executive committee and the board.</p>

Self-assessment of ESG scorecard continued

Corporate governance structures and processes		Notes
	<div>Have you had any material transactions that involved conflicts of interest with any directors in the past 24 months?</div>	<p>A small related-party transaction, involving conflicts of interest with directors, was disclosed on stock exchange news service (SENS) during the 2017 financial year. The conflicts referred to, related to the sale by Redefine of certain of its shares in EPP N.V. to various executive directors.</p> <p>Additional related-party transactions are set out on page 99 of our AFS.</p> <p>In terms of company policy, directors are required to timeously inform the board of conflicts, or potential conflicts, of interest that they may have in relation to particular items of business or other directorships. Comprehensive registers are maintained of individual directors' interests in and outside the company and these are updated annually and noted by the board at each board meeting. Where there are conflicts of interest or potential conflicts, these are minuted and the affected director/s recused from the relevant debate and/or resolution.</p>
COMPOSITION OF THE BOARD	<div>i. What is the split of board members who are non-executive directors (NED) versus executive directors (ED)?</div> <div>ii. Number of non-executive directors who are independent?</div>	<p>Currently, the majority of the company's board members are independent non-executive directors:</p> <div><div><div></div><div>22%</div></div><div><div></div><div>78%</div></div></div> <div><div>Executive directors</div><div>Independent non-executive directors</div></div> <div><div>7</div><div>7</div><div>non-executives are independent</div></div>
BOARD APPOINTMENT PROCESS	<div>Describe the process to appoint directors. Are all the appointments done through a formal process?</div>	<p>In terms of Redefine's MOI, the board must comprise at least four directors, to be elected by the shareholders as contemplated in Section 68 of the Companies Act. All directors are elected by an ordinary resolution of the shareholders at the AGM of the company.</p> <p>The board, similarly, has authority to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, provided that such directors are elected by shareholders at the next AGM of the company.</p> <p>Directors are appointed in line with the company's formal and transparent appointment of directors' policy, and are proposed to the board by the nomination and governance committee on the basis of their skills, knowledge and experience and taking into account the company's strategy and future needs.</p> <p>Director appointments promote the achievement of the board's desired diversity and governance outcomes over time.</p>
	<div>Is there a re-election process for directors?</div>	<p>Any newly appointed director who has been appointed by the board during the year is required to retire at the next AGM and may be re-elected by shareholders.</p> <p>One-third of all directors retire on a rotational basis and make themselves available for re-election at the AGM, if eligible.</p> <p>The board, through its nomination and governance committee, provides shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring director is proposed, as to which directors are eligible for re-election, taking into account that director's past performance and contribution.</p> <p>As previously mentioned, all shareholders have the right to nominate directors.</p>

Corporate governance structures and processes		Notes
PERFORMANCE ASSESSMENT	<div>Is the evaluation of the board, its committees and the individual directors and chairperson performed every year?</div>	<p>The nomination and governance committee is responsible for the annual assessment of the board's performance and the appropriateness and effectiveness of the board, its committees, individual directors and governance procedures. The assessment process includes an appraisal of the chairperson of the board, committee chairs, CEO and FD and is conducted by an external service provider every second year as recommended in King IV.</p> <p>Due to the number of new board appointments and various other amendments to the composition of the board during the 2019 financial year, the nomination and governance committee resolved to postpone the biennial external evaluation to 2020 to ensure that real value is obtained therefrom.</p> <p>During 2019, the committee set aside time to consider, reflect on and discuss the performance of the board and that of its chairperson and members as a whole. Matters that needed to be addressed in order to improve the board's performance were reported to the board and actioned accordingly.</p>
	<div>Do the shareholders approve the company's remuneration policy or is it an independent remuneration committee?</div>	<p>The company's remuneration policy and the implementation report are approved by the company's independent remuneration committee and then put to shareholders to pass non-binding advisory votes thereon at the AGM.</p> <p>For more information regarding the company's remuneration policy and the role of the remuneration committee can be found on pages 90-113 of this report.</p>
	<div>Is the audit committee chaired by an independent non-executive director?</div> <div>What is the composition of the audit committee?</div>	<p>During 2019, the audit committee comprised three independent, non-executive directors, all of whom satisfied the requirements of Section 94(4) of the Companies Act. Ms B Mathews, the company's LID chaired the committee until 14 October 2019, whereafter Ms D Naidoo took over the position.</p> <p>As a collective and having regard to the size and circumstances of the group, the committee is adequately skilled, and all members possess the appropriate financial and related qualifications, skills, financial expertise and experience to discharge their responsibilities.</p> <p>For more information regarding the company's audit committee, see pages 72-73 of our AFS.</p>
	<div>Does the board of directors/ audit committee review key elements of the company's financial statements?</div>	<p>The audit committee and the board review key elements of the company's financial statements.</p> <p>During the course of these reviews, the committee and the board:</p> <div><div>Ensure that the financial statements are prepared in accordance with IFRS and in compliance with the provisions of the Companies Act and the JSE Listings Requirements</div><div>Consider the appropriateness of the accounting policies and the disclosures made therein</div><div>Complete a detailed review of the going concern assumption, confirming that it is appropriate in the preparation of the financial statements</div></div>

Self-assessment of ESG scorecard continued

Corporate governance structures and processes		Notes
	<ul style="list-style-type: none">Does the company have an internal audit (IA) function?Is the company subject to an annual external audit?How long have the existing auditors been in engagement?	<p>The company has an in-house internal audit function and is subject to an annual external audit.</p> <p>PricewaterhouseCoopers (PwC) replaced KPMG as the company's external auditors with effect from the conclusion of the 2018 year-end audit. PwC has therefore been the company's external auditors for one financial year.</p>
	<ul style="list-style-type: none">Is there a rotation in partners? If yes, please stipulate previous partners and when the new one came into effect.	<p>Audit partners rotate every five years. Mr John Bennett was appointed as the company's external audit partner in 2019 and, subject to the approval of shareholders in February 2020, will lead the FY2020 audit.</p>
	<ul style="list-style-type: none">Does the company have a written information disclosure policy that seeks to make all material information (financial and non-financial) fully, timeously and equally available to all stakeholders?	<p>The company practices the principle of 'equality of disclosure' which ensures that all shareholders receive information equally. Major shareholders do not have privileged access to information that is unavailable to minority shareholders.</p> <p>All material information, financial and non-financial, is made available to all stakeholders on an annual basis in the form of the company's IR.</p>
	<ul style="list-style-type: none">Does the board of directors set the company's risk profile and periodically review the company's risk management system and process?	<p>The board ensures that risk management is embedded into key decision-making processes and that such processes incorporate and consider strategy, governance, compliance and performance.</p> <p>The board approves the company's top strategic risks and financial risk appetite and tolerance levels and ensures that risks are managed in compliance with same. To support the board in ensuring effective risk management oversight, and in compliance with the enterprise risk management policy and framework (ERM), risk assessment, quantification and assurance processes have been specifically delegated to the risk, compliance and technology committee, while the remaining board committees are responsible for ensuring the effective monitoring of those strategic risks that fall within their scope. Responsibility for implementing and executing effective risk management has been delegated to management.</p> <p>The company regularly monitors key developments in its internal and external environment, and monitors 'top-of-mind' or emerging issues to increase the probability of anticipating unpredictable risks. Actions are similarly being implemented in order to strengthen business continuity and crisis management arrangements throughout the business.</p> <p>For more information regarding the company's risk activities and responsibilities, see page 83 of this report.</p>

Corporate governance structures and processes		Notes
	<ul style="list-style-type: none">Does the board ensure that the company complies with applicable laws and considers adherence to non-binding rules, i.e. Companies Act, regulator, CRISA codes?	<p>The board subscribes to full compliance with applicable laws and regulations in the jurisdictions within which it operates. Oversight of compliance risk management is delegated to the risk, compliance and technology committee, who receive quarterly reports on the status of compliance within the company, significant areas of non-compliance, as well as feedback on interaction with regulators.</p> <p>During 2019, the company was fully compliant with the requirements of the Companies Act, the Companies Act regulations and the JSE Listings Requirements.</p>
	<ul style="list-style-type: none">During the last 24 months, has the company had to report to the regulator, exchange or SARS on any material matters?	<p>The company has not had to report to the regulator, exchange or South African Revenue Service (SARS) on any material matters in the last 24 months.</p>
	<ul style="list-style-type: none">Has there been negative media coverage about the company or its staff/management/ board of directors in the last 24 months?	<p>There has been no negative media coverage about the company or its staff/management/ board of directors in the last 24 months.</p>
	<ul style="list-style-type: none">Is ultimate beneficial ownership of shares disclosed by controlling shareholders and management?	<p>Ultimate beneficial ownership of shares by controlling shareholders and executive management is disclosed in the company's annual financial statements.</p>
	<ul style="list-style-type: none">Describe the minority shareholders protection mechanisms in place.	<p>Minority shareholder protection mechanisms are provided for in Sections 61, 115, 156, 159, 162, 164 and 252 of the Companies Act. Similarly, the company's compliance with King IV ensures enhanced risk management processes and audit requirements, disclosure of directors' and senior executives' remuneration, ethical leadership and corporate citizenship and stakeholder engagement, which broadens the scope for consultation and constructive engagement with minority shareholders. Integrated reporting also drives transparency and accountability.</p>
	<ul style="list-style-type: none">Does the preparation and calling of annual and extraordinary shareholders meetings enable the participation of all shareholders [sufficient notice; agenda and supporting materials; proposing agenda items; participation personally or through proxy; the right to ask questions; dissemination of the results of the meetings]?	<p>The preparation and calling of annual and extraordinary shareholders meetings enable the participation of all shareholders.</p>

Administration

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(Incorporated in the Republic of South Africa)
Registration number: 1999/018591/06
JSE share code: RDF ISIN: ZAE000190252
(Approved as a REIT by the JSE)

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INVESTOR RELATIONS
Should you wish to be placed on the mailing
list to receive regular 'breaking news'
email updates, please send an email to
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Thank you

Placing people at the heart of our business

The images in our reporting suite are of our stakeholders, taken in our buildings. They're the faces – the human stories – behind our efforts to live our purpose *of creating and managing spaces in a way that changes lives.*



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Definitions

<IR> framework	International Integrated Reporting Framework	JIBAR	Johannesburg interbank average rate
AFS	Annual financial statements	JSE	JSE Limited
AGM	Annual general meeting	King IV	King IV Report on Corporate Governance for South Africa 2016
BBBEE	Broad-based black economic empowerment	KL	Kilolitre
Buskaid	Buskaid Music Academy, a Redefine CSI initiative	KPA	Key performance area
Capex	Capital expenditure	KPI	Key performance indicator
CDP	Formerly called the Carbon Disclosure Project	kWh	Kilowatt hour
CEO	Chief executive officer	LED	Light-emitting diode
CO₂e	Tonnes of carbon dioxide equivalent	LID	Lead independent director
Companies Act	Companies Act, No 71 of 2008 (as amended)	LTI	Long-term incentive scheme
CRM	Client relationship management	MOI	Memorandum of Incorporation
CSI/R	Corporate social investment/responsibility	MSR	Minimum shareholding requirement
DJSI	Dow Jones Sustainability Index	MSS	Matching Share Scheme
EAP	Employee assistance programme	MWh	Megawatt hour
ED	Executive directors	MWp	Megawatt peak
ESG	Environmental, social and governance	NAV	Net asset value
EVP	Employee value proposition	OECD	Organisation for Economic Cooperation and Development
FTSE	Financial Times Stock Exchange	PV	Photovoltaic
FY2018	2018 financial year	REIT	Real Estate Investment Trust
GBCSA	Green Building Council of South Africa	Remco	Remuneration committee
GHG	Greenhouse gas	RSS	Restricted Share Scheme
GLA	Gross lettable area	SA	South Africa
GRESB	Global Real Estate Sustainability Benchmark	SARS	South African Revenue Services
HR	Human resources	SDGs	Sustainable Development Goals
HVAC	Heating, ventilation and air-conditioning	SENS	Stock Exchange News Service
ICT	Information, communication and technology	SPS	Share Purchase Scheme
IFRS	International Financial Reporting Standards	STI	Short-term incentive scheme
ILO	International Labour Organisation	TGP	Total guaranteed package
IR	Integrated report	TNAV	Tangible net asset value
IT	Information technology	VAT	Value added tax

