

REDEFINE PROPERTIES LIMITED

# King IV application register

## 2020



The following pages provide a detailed narrative of the company's application of the King IV principles. Redefine does not follow a tick box approach to governance, but is 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.**"



We're not landlords. We're people.

# Corporate governance

## 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

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.

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.

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.

#### Insider trading and dealing in company securities

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.

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.

## 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:

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

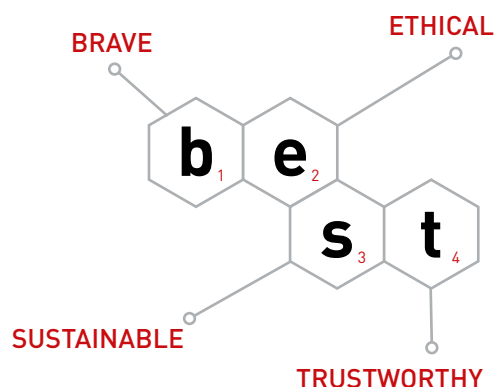
The board governs the ethics of the company in a way that supports the establishment of an ethical culture



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.

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.

#### September 2018 – August 2019

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

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

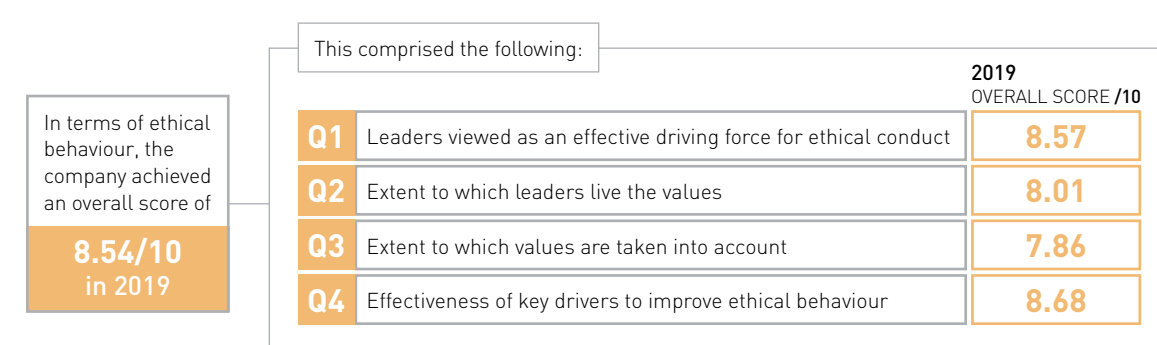
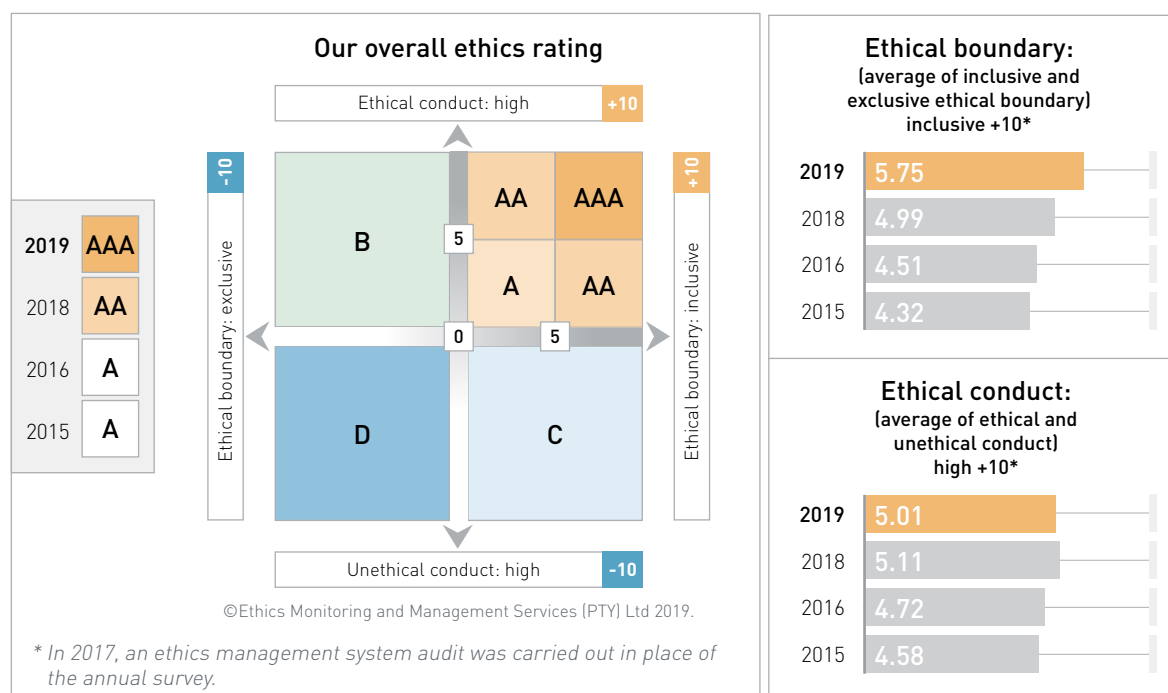
The company's ethics programme (including whistle-blowing mechanisms and management of the independent ethics reporting line), coupled with management's dedicated effort to create awareness, as well as detect and resolve ethical violations and provide training on ethics and anti-competitive behaviour, 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



Decent work and economic growth



Industry, innovation and infrastructure



Sustainable cities and communities



Climate action

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:



Developing future tenants



Integrating business innovation



Embracing community focus



Building skills capacity



Enhancing experiences



Minimising environmental impact

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:

	<b>Environmental</b>	<b>Carbon emissions savings</b> from our solar installations for the year are equivalent to taking approximately 7 340 passenger cars off the road	Expanded external <b>waste management to office buildings</b> 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 <b>reduce water consumption</b>
	<b>Social</b>	International Council of <b>Shopping Centres Solal award for the Innovation Challenge</b>	Centurion Mall and Kyalami Corner won <b>gold at Footprint Marketing Awards 2019</b>	<b>233 stakeholders engaged</b> with the second <b>Challenge Convention</b> at Maponya Mall
	<b>Governance</b>	Improved board independence with the appointments of <b>Sipho M Pityana</b> and <b>Daisy Naidoo</b> . <b>100%</b> of non-executive directors are independent and <b>56%</b> of the board is female	<b>3<sup>rd</sup> in EY Excellence in Integrated Reporting Awards 2019</b>	Focus on embedding <b>IT governance standards</b> and <b>aligning IT services</b> 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

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.

In its capacity as a responsible employer, the board resolved that 1% of employees' annual salary increases must be allocated towards increasing mandatory provident fund contributions in order to enforce increased retirement investment over time.

### Tax transparency

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.

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.



## Corporate governance continued

### 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** of the [ESG](#) report.

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.

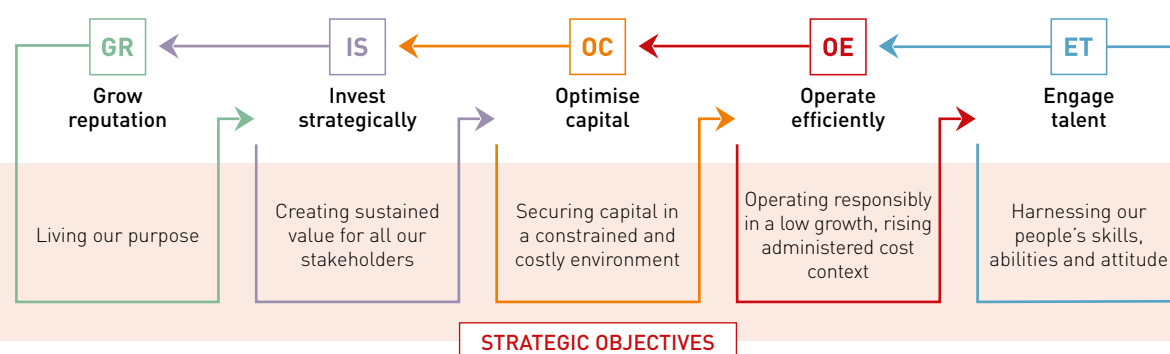
The company's value creation process demonstrates the relationship between the various elements involved in achieving the company's stakeholder goals. By gaining an in-depth understanding of all the factors that impact the company's ability to create sustainable value for all stakeholders, the board 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:



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



### LONG-TERM STRATEGIC PRIORITIES

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



Decent work and economic growth



Industry, innovation and infrastructure



Sustainable cities and communities



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

## Corporate governance continued

### 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 referred to throughout this report reflect the composition of the refreshed board post the changes above.



Applied



Partially applied






Not applied yet

## 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.

 <b>Chairman</b>	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.
 <b>Lead independent non-executive director</b>	<p>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.</p> <p>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.</p>
 <b>CEO</b>	<p>Responsible for the effective management and running of the company's business in terms of the strategies and objectives approved by the board.</p> <p>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.</p>

### 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.

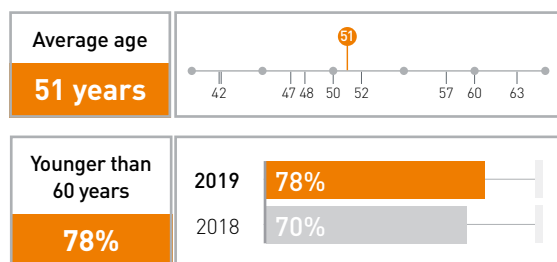
Bolstered skills diversity will promote better decision-making and effective governance in the future.

The below skills matrix indicates the gaps referred to above:

	SP	BM	MB	AD	NLR	DN	LS	AK	LK	Total %
<b>Knowledge and skill</b>										
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
<b>Experience</b>										
Board experience	■	■	■	■	■	■	■	■	■	100
Board chair experience	■	■					■			22

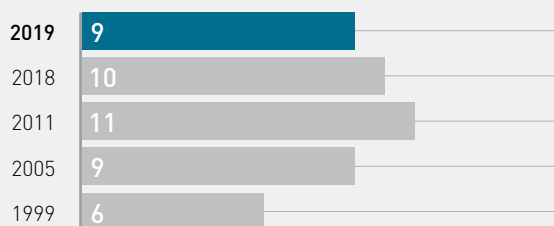
### Diversity of age

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.



### 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.

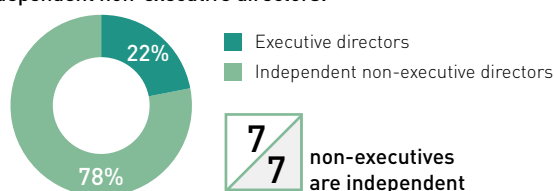


### Independence

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:

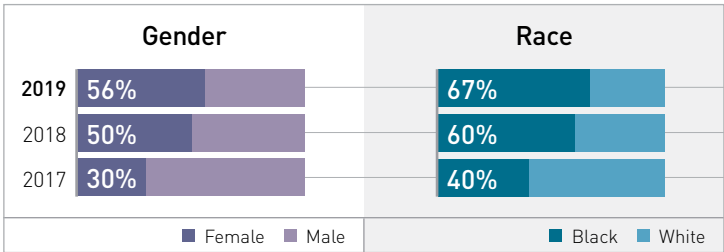


# Corporate governance continued

## 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:

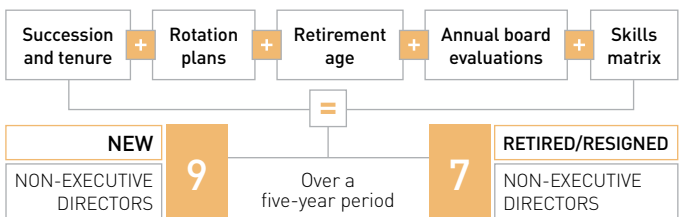


## Board refreshment and succession

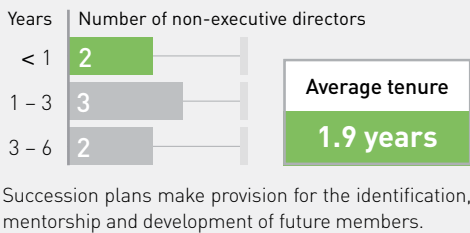
The board understands that careful management and refreshment of its members is vital for the effective functioning of the board. Through the nomination and governance committee, and taking into account the company's strategy and future needs, as non-executive directors retire, candidates with requisite 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 diversity of tenure



## 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.

## Committees of the board

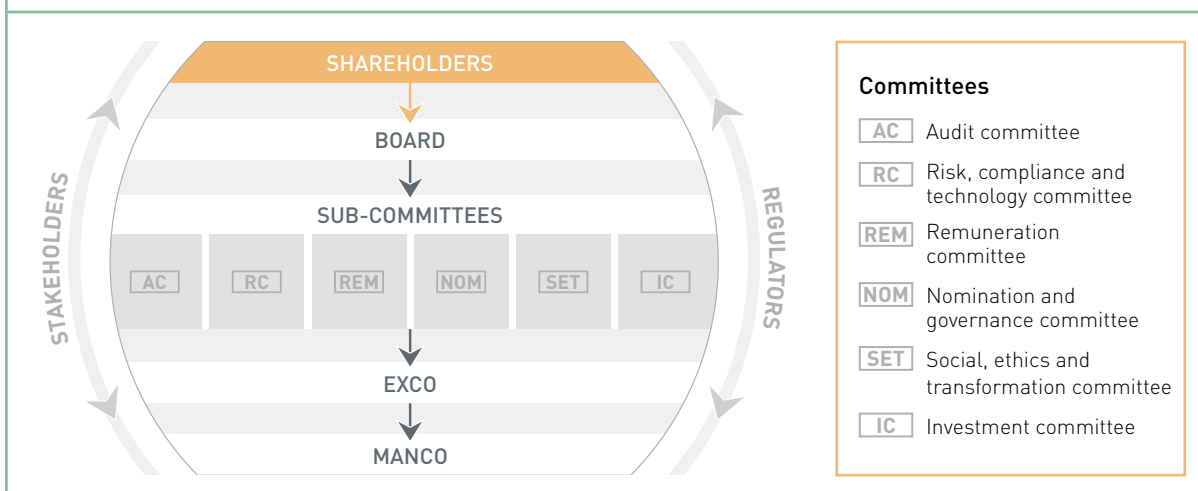
### Principle 8

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.



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



## 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:

					
	<b>Daisy Naidoo</b> (Chair)	<b>Bridgitte Mathews</b>	<b>Lesego Sennelo</b>	<b>Ntombi Langa-Royds</b>	<b>Sindi Zilwa</b>
	<b>CURRENT</b>			<b>PAST</b>	
Attendance	100%	100%	100%	100%	100%
	 1/1 meetings	 4/4 meetings	 4/4 meetings	 1/1 meetings	 1/1 meetings
	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:

<b>01</b>	Financial matters	<b>03</b>	Internal audit matters
<b>02</b>	External audit-related matters, including the external audit transition from KPMG to PwC	<b>04</b>	Governance functional areas

### 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:

- 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:

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

02

IT security risk management

03

Business environment and internal control factors

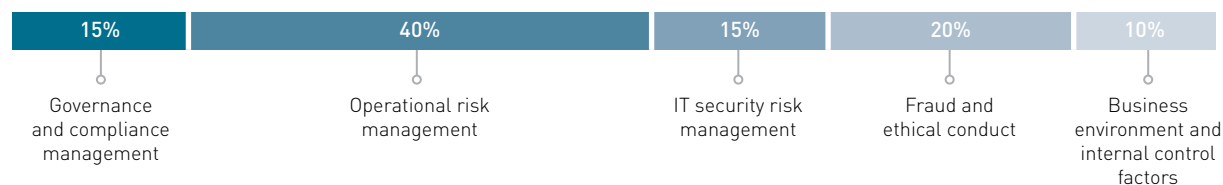
04

Operational risk management

05

Fraud and ethical conduct

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** of the [ESG](#) report.

## 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:

					
	<b>Siphon M Pityana (Chair)</b>	<b>Amanda Dambuza</b>	<b>Ntombi Langa-Royds</b>	<b>Bridgitte Mathews</b>	<b>Harish Mehta</b>
	<b>CURRENT</b>			<b>PAST</b>	
Attendance	100%	100%	100%	100%	100%
					
	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 Siphon 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 Siphon M Pityana

**02**

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

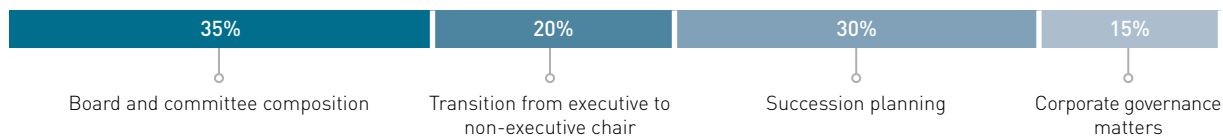
**03**

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

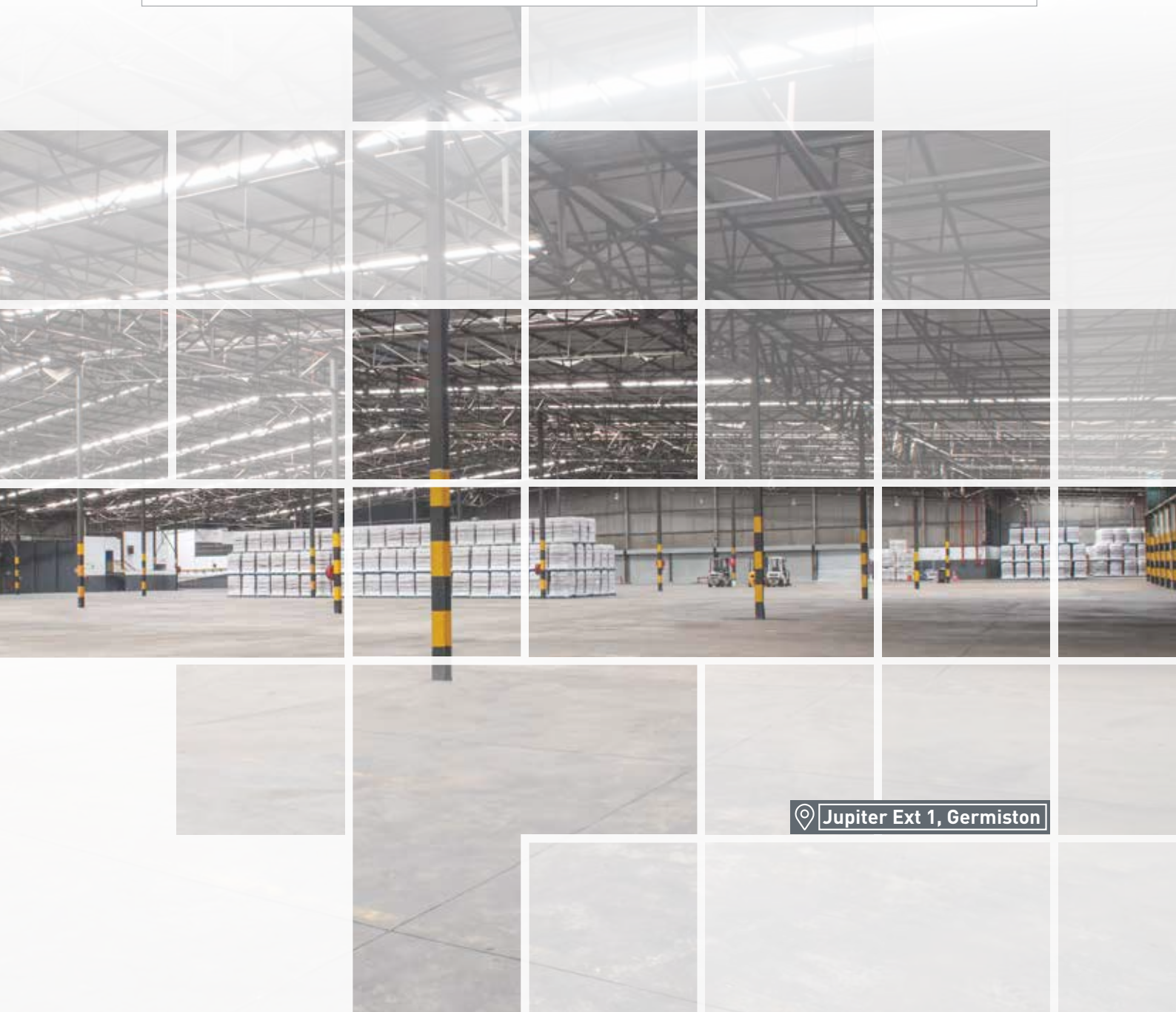
The committee spent its time as follows:



## 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.

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

				
	<b>Ntombi Langa-Royds</b> (Chair)	<b>Amanda Dambuza</b>	<b>Bridgitte Mathews</b>	<b>Sindi Zilwa</b>
	<b>CURRENT</b>			<b>PAST</b>
<b>Attendance</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	 4/4 meetings	 4/4 meetings	 1/1 meetings	 1/1 meetings
	<b>May 2016</b>	<b>November 2018</b>	<b>October 2019</b>	<b>November 2018</b> <b>April 2019</b>
	■ Appointed ■ Resigned			

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**

- 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

**02**
**Social and economic development**

- 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

**03**
**Ethical conduct**

- 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

**04**
**Good corporate citizenship**

- 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

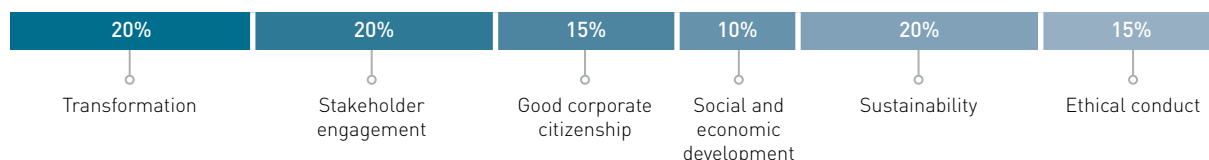
**05**
**Sustainability**

- 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

**06**
**Stakeholder engagement**

- 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

## IC Investment 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. During the year, the committee met on eight occasions.

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

				
	<b>Sipho M Pityana</b> (Chair)	<b>Marius Barkhuysen</b>	<b>Lesego Sennelo</b>	<b>Harish Mehta</b>
	CURRENT			PAST
Attendance	100%	100%	100%	100%
	 6/6 meetings	 8/8 meetings	 8/8 meetings	 8/8 meetings
	May 2019	February 2017	November 2018	November 2018 July 2019
	■ Appointed ■ Resigned			

Marius Barkhuysen 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, he remained a member of the committee. Harish Mehta resigned from the committee at the end of July 2019.

### Regular invitees

- Chief executive officer
- Chief operating officer
- Head of acquisitions and disposals
- Financial director
- Development director

### Our focus areas for 2019

During the financial year, the committee primarily focussed on:

**01**

Investment/divestment opportunities

- Considering, evaluating and monitoring investment/divestment opportunities in respect of properties, listed securities, corporate actions and other strategic investments and providing direction and assurance to the board on the strategic considerations, compliance obligations and risks relevant thereto
- Approving acquisitions, disposals, developments and capital expenditure in line with approved financial authority thresholds and the company's investment strategy

**02**

Investment practices

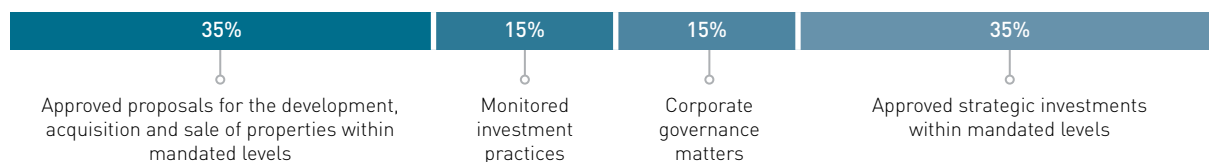
- Ensuring that the investment practices referred to above were carried out by the company in a responsible manner, thereby promoting good governance and the creation of value for stakeholders
- Considering the group structure and funding strategies that best support the investment/divestment opportunities above

**03**

Corporate governance matters

- Reviewing external, annual valuations of the property portfolio and recommending same to the board for approval and inclusion in the company's annual financial statements
- Monitoring and reviewing the company's performance against its investment strategy, criteria and targets

### 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:

- Execution and implementation of approved investments/divestments
- Review process and outcomes of external valuations of the property portfolio
- Consider funding strategies that best support investment decisions
- Ensure that sustainability considerations are incorporated into investment analyses

## Evaluations of the performance of the board

### Principle 9

The board ensures that the evaluation of its own performance, and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness



### Board evaluation

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 chairman of the board, committee chairs, the CEO and the FD, and is generally conducted by an external service provider every second year, as recommended in King IV.

During 2018 and 2019, the committee set aside time to consider, reflect on and discuss the performance of the board and that of its chairman 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.

### Opportunity to grow value through external evaluation

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. The last independent evaluation was carried out in 2017.

In 2020, a comprehensive independent evaluation of the board will be undertaken by an external service provider in line with best practice. The aim of the evaluation will be to ensure that the board is in a position to add value to the company through the alignment of composition and skills to strategy and performance.

# 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

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.

### Delegation to management

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.

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.

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.

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	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Chairperson of each board committee	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Risk, compliance and technology committee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Audit committee	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Coordinating risk function	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Executive management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Senior operational management		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Internal audit					<input checked="" type="checkbox"/>		

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



Applied

☐ Partially applied

☐ Not applied yet

# 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**

**04 An enhanced employer of choice profile**

**02 Enhanced internal fairness through consistent remuneration decision-making**

**05 Alignment with our desired corporate culture**

**03 Appropriate and responsible remuneration decisions**

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 the [ESG](#) 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 the [ESG](#) report.



# Corporate governance continued

## 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
 <b>Investors and funders</b>	Source of sustained growth in total returns
 <b>Employees</b>	Employer of choice
 <b>Tenants</b>	Differentiated provider of relevant space
 <b>Property brokers and suppliers</b>	Preferred business partner
 <b>Communities</b>	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 the [ESG](#) 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.