

Growthpoint Properties Supplier ESG Policy



space to thrive

GROWTH-POINT
PROPERTIES



1. Intent of this Policy

- 1.1. This Supply Chain ESG Policy sets out the scope, roles, responsibilities, commitments, and practical implications for Growthpoint Properties (GP) and its staff with regard to GP's Supplier Code of Conduct.
- 1.2. The Supplier Code of Conduct sets out GP's position and approach in a procurement context with regard to implementing its environmental, social, and governance (ESG) values and commitments.
- 1.3. The intention of this policy and the Supplier Code of Conduct is to
 - 1.3.1. Enable a positive collaboration with suppliers to improve ESG performance over time, and
 - 1.3.2. Protect GP from reputational, legal, business, and physical risks associated with poor ESG performance in its supply chain.
- 1.4. All engagements with suppliers on this topic should seek to be undertaken in a constructive and positive manner.
- 1.5. GP's Procurement Team and ESG Team will continue to identify ways in which GP can provide additional awareness raising and tools to support our suppliers on this journey.¹

2. What is GP's commitment to the Supplier Code of Conduct?

- 2.1. GP's Supplier Code of Conduct requires GP staff in all their interactions, legal agreements, and monitoring arrangements with suppliers, contractors, and service providers (hereafter collectively referred to as "suppliers") to ensure adherence to the underlying values and explicit commitments contained in GP's ESG policies and procedures.
- 2.2. Staff that have direct dealings with suppliers in the procurement process and at any time during the lifespan of a supplier contract (Hereafter referred to as "supplier-facing" staff) are responsible for
 - 2.2.1. Disseminating the Code of Conduct to suppliers and ensuring they commit to meeting its requirements.
 - 2.2.2. Reporting to the Procurement Team any cases of non-compliance that come to their attention
 - 2.2.3. If requested by the Procurement Team, engaging with the suppliers in question to agree on a remedy [See section 4 on Monitoring compliance and addressing non-compliance].
- 2.3. The following key paragraphs of the Supplier Code of Conduct refer:
 - 2.3.1. "GP is committed to ensuring high standards of ethics and sustainability in relation to goods or services provided to GP, or to any activity undertaken as a licensee, distributor, representative or as one having similar rights."
 - 2.3.2. "To deliver best practice and drive sustainability performance, our suppliers, contractors, and service providers are required to comply with relevant GP policies and procedures, and with specific principles and standards set out in the Supplier Code of Conduct."
- 2.4. In doing so, the following additional guidelines assist GP staff in knowing what is required from them in practical terms.



3. Requirements of supplier-facing staff

- 3.1. Staff involved in frontline procurement work (i.e., involving direct collaboration with suppliers) are responsible for onboarding suppliers to the Code of Conduct through the following critical steps.
- 3.2. As a first step, supplier-facing staff are required to read this Supply Chain ESG Policy and the Supplier Code of Conduct thoroughly and confirm via formal signing that they have read and understood both documents.
- 3.3. For all new procurement engagements as of the date of first adoption of this Policy, supplier-facing staff must:
 - 3.3.1. Ensure that suppliers read and confirm their commitment to meet the requirements of the Supplier Code of Conduct prior to completing any new procurement agreements or initiating work that is not covered by a procurement agreement. This task is completed by receiving a signed copy of the Supplier Code of Conduct from the supplier.
 - 3.3.2. Undertake due diligence of ESG compliance of suppliers in line with levels of risk and size of the supplier contract. See Annex II for Due Diligence checklist/questions.
 - 3.3.3. If a procurement agreement is signed with the supplier, ensure that it includes clauses related to the enforcement of and compliance with the Supplier Code of Conduct. This should include GP's right to terminate the contract should a serious breach² be confirmed by GP and not appropriately remedied by the supplier.
 - 3.3.4. If a supplier doesn't yet comply with the Code of Conduct prior to signing a procurement agreement, an Action Plan should be included in the procurement contract with a timeline and agreed on actions.
 - 3.3.5. For service providers without contracts, the supplier-facing staff member should agree in writing with the supplier how they will address any gaps in order to comply with the Supplier Code of Conduct. This can be done by email and copied to the Procurement Team. **The GP staff member should follow up to ensure that the agreed actions are taken and notify the Procurement Team when compliance has been achieved.**
 - 3.3.6. Ensure that suppliers are made aware of the appropriate channels to raise a grievance or provide a notification of non-compliance (See Section 5 below).
 - 3.3.7. Recuse themselves from any interactions, dealing or negotiations should the supplier be or have in its employ a member of the employee's immediate family (as defined by Growthpoint in its leave policy).
- 3.4. The specific profiles of suppliers will be considered with regard to their obligations as reflected in supplier agreements. This includes size, nature of operations, and the nature of the contract with GP. See Annex I for indicative expectations of different categories of suppliers.
- 3.5. At this time, **GP staff are not required to undertake additional monitoring to ensure that suppliers meet their obligations with respect to the Code of Conduct.**

4. Monitoring compliance and addressing non-compliance

- 4.1. The onus is on suppliers to comply with the Growthpoint Supplier Code of Conduct and manage their compliance in accordance with principles of transparency and integrity.
- 4.2. During the supplier onboarding process, GP may choose to request specific evidence of key policies and management systems. See the spreadsheet with indicative evidence suggestions. Requests for evidence are at the discretion of the supplier-facing staff members and the Procurement Team. Annex II provides possible questions for due diligence.
- 4.3. GP may also include specific reporting responsibilities and metrics in supplier agreements on a case-by-case basis and in line with the nature of the supplier and the agreement. GP will adopt a phased approach to introducing metrics for monitoring Supplier ESG performance. See Annex III.
- 4.4. GP may rely on recognised certification schemes as a proxy for supplier compliance. GP also reserves the right not to accept a specific certification if it doesn't fulfil our requirements.



- 4.5. GP will not actively audit suppliers at this stage. Instead, GP currently relies on reports of non-compliance from suppliers, GP staff, or the public.
- 4.6. If a notification of non-compliance is received, GP will initiate an investigation, which will consist of the following steps:
 - 4.6.1. Log the notification of potential non-compliance in the GP Supplier Code of Conduct Non-compliance Register, which is available from procurement crennison@growthpoint.co.za
 - 4.6.2. Agree with the Procurement Team on who will take the process forward with the supplier in line with the nature of the business relationship. This person will be responsible for the following further steps:
 - 4.6.2.1. Send a formal email to the supplier setting out the notification that has been received and what it contains (unless the notification was received from the supplier). **If such is requested by the original notifying party, their identity will be kept anonymous.**
 - 4.6.2.2. Request information from the supplier about the alleged non-compliance, allowing the supplier to explain further or contest the allegation and provide supporting evidence. **The supplier should be given two weeks to respond, after which GP will either confirm non-compliance or close the case.**
 - 4.6.2.3. If the non-compliance is confirmed, invite the supplier to state what steps will be taken to remedy the case of non-compliance and over what time frame. **The supplier should propose a remedy within one month after the non-compliance is confirmed.**
 - 4.6.2.4. Confirm the agreed remedy in writing with the supplier and ensure that this is added to the supplier documentation folder and the GP Supplier Code of Conduct Non-compliance Register with a due date for implementation. The remedy should be agreed upon and documented within one month of receiving the proposal from the supplier. **The agreed remedy should be implemented within 6-12 months after the agreement is reached. Other time frames can be agreed upon depending on urgency and supplier capacity.**
- 4.7. If a supplier is in serious breach of the Supplier Code of Conduct and will not commit to remedying their non-compliance within a suitable time period, an internal deliberation phase will be triggered to determine whether the contract should be terminated. The internal deliberation phase will consist of the following steps:
 - 4.7.1. The Procurement Team will send a formal notification to GP's Compliance Officer that a supplier is in serious breach of the Supplier Code of Conduct and there has been a failure to agree on a suitable remedy. Refer to the definition of a serious breach in section 3.
 - 4.7.2. A Review Panel of three staff members will be established to review the case, comprising one person from Procurement, one from the ESG Team, and one from the Ethics Committee. The review will include
 - 4.7.2.1. The details of non-compliance
 - 4.7.2.2. Evidence provided by the supplier, and
 - 4.7.2.3. Efforts by the supplier to contribute to a remedy.
 - 4.7.3. The Review Panel will determine if the case is serious enough to require termination of the contract or whether a warning can be issued.
 - 4.7.4. The Review Panel compiles minutes of their discussion and recommendations and shares these with the Procurement Team.
 - 4.7.5. The Procurement Team notifies the supplier of the outcome of the review.
 - 4.7.6. The Procurement Team updates the GP Supplier Code of Conduct Non-compliance Register and informs GP's Compliance Officer.
 - 4.7.7. Information on the case and outcome is provided to the Social, Ethics, and Transformation (SET) Committee at its next meeting.



5. **Channels for notification of supplier non-compliance**
 - 5.1. Notifications of supplier non-compliance with the Supplier Code of Conduct can be submitted by any party, including GP staff, the suppliers themselves, and any member of the public.
 - 5.2. GP staff should submit their notification directly to the Procurement Team via **suppliercompliance@growthpoint.co.za** and copy **scc@growthpoint.co.za**
 - 5.3. Suppliers should submit their notification directly to their immediate contact points at GP or to the Procurement Team at **suppliercompliance@growthpoint.co.za** and copy **scc@growthpoint.co.za**
 - 5.4. Members of the public can submit their notifications via
 - 5.4.1. **GP's Whistle-blower hotline - 0800 167 463 or Growthpoint@tip-offs.com**
 - 5.4.2. Directly to **suppliercompliance@growthpoint.co.za** and copy **scc@growthpoint.co.za**
 - 5.5. Information on the Supplier Code of Conduct and channels for raising grievances or notifying GP about non-compliance should be easily accessible
 - 5.5.1. On GP's website
 - 5.5.2. In supplier agreements
 - 5.5.3. At site level, such as through visible signs, documentation and/or in-person briefings.
 - 5.6. Supplier-facing staff should also identify whether additional support is needed from GP to assist the supplier in remedying their non-compliance.
6. **Working collaboratively with suppliers over time**
 - 6.1. GP aims to reduce business risk and strengthen performance for both GP and its supply chain through this Supply Chain ESG Policy and Supplier Code of Conduct
 - 6.2. We understand that many suppliers will not have comprehensive ESG systems in place, and some may only just be starting out on their ESG journeys.
 - 6.3. We, therefore, aim to work collaboratively with suppliers over time to raise awareness about the importance of ESG considerations.
 - 6.4. We, therefore, commit to
 - 6.4.1. Constructive dialogue with suppliers about ESG performance and improvements,
 - 6.4.2. Have reasonable expectations, and
 - 6.4.3. Provide information and develop resources and tools over time to assist suppliers in meeting our expectations.
7. **Responding to supplier questions and grievances in a timely manner**
 - 7.1. As suppliers adapt to the requirements of our Supplier Code of Conduct, they may have questions, concerns, or suggestions.
 - 7.2. The Procurement Team welcomes feedback and suggestions on how our supplier ESG engagement can be improved. These can be emailed to **suppliercompliance@growthpoint.co.za** and copy in **scc@growthpoint.co.za**
 - 7.3. In addition, suppliers or other stakeholders can submit a complaint or grievance in relation to this Supplier Code of Conduct or any other matter via GP's anonymous whistleblowing hotline at 0800 167 463.
 - 7.4. Questions or complaints specifically related to this Supplier Code of Conduct can also be directed to Growthpoint's Procurement Team at **suppliercompliance@growthpoint.co.za** and copy in **scc@growthpoint.co.za**.
 - 7.5. Supplier-facing staff must forward all questions, concerns, or suggestions to the Procurement Team for timely processing and response.



Annex I: Indicative tiered expectations of suppliers

Supplier size	Policies and Systems	Staff allocation
<p>Large suppliers with multi-year and/or national contracts with GP</p>	<p>Policies and systems are in place to ensure compliance with all parts of the GP Supplier Code.</p> <p>Initiatives are in place to go the extra distance on environmental and social performance, including ESG targets selected by the supplier.</p>	<p>At least one full-time staff member appointed to manage ESG performance and ensure compliance with the Supplier Code of Conduct.</p>
<p>Medium-sized suppliers with occasional contracts with GP</p>	<p>Systems are in place to manage and ensure minimum compliance with i) environmental regulations, ii) GP's <u>Human Rights Position Statement</u>, and iii) GP's <u>Code of Ethics</u></p>	<p>At least one or more staff members have a portion of their time allocated to managing ESG performance and ensuring compliance with the Supplier Code of Conduct.</p>
<p>Small and micro suppliers who provide ad hoc services to GP</p>	<p>Supplier acknowledges, understands, and signs GP Supplier Code of Conduct to indicate a commitment to comply with all requirements.</p>	<p>Supplier designates one staff member to monitor its compliance with GP Supplier Code</p>



Annex II: Due Diligence questions

Corporate governance and ethical business practices

- Does the supplier have policies and systems in place to make sure it is compliant with national laws and regulations?
- Do these systems address ethical behaviour, anti-bribery, anti-corruption, whistleblowing, and other relevant business practices?
- Are employees adequately informed about these policies, such as through an employee handbook and training?

Modern slavery, labour practices & human rights policies

- Has the company explicitly included a commitment to human rights and the ILO Core Labour standards in its human resources policies and training?
- Do HR policies and training cover:
 - safe workplace
 - freedom from direct or indirect discrimination, harm, intimidation, harassment, or fear
 - diversity and equal opportunity in recruitment.
 - prevention of forced, bonded, compulsory labour, slavery, or human trafficking
 - zero tolerance for the threat of physical or other punishment, or the physical, sexual, or psychological abuse or inhumane treatment of workers or members of the community.
 - prevention of child labour
 - freedom of association and collective bargaining
 - managing human rights and labour practices in their own supply chain.
 - ability for staff and suppliers to raise grievances or complaints (including an anonymous reporting option) and a clear explanation of how grievances will be addressed.

Wages, benefits & working hours

- Does the supplier have an employee handbook, induction training, or related policies to ensure fair labour practices and compliance with national regulations, including coverage of
 - remuneration and benefits
 - minimum wages
 - overtime
 - superannuation
 - leave entitlements and other benefits
 - timely payment of workers.
- Does the supplier provide clear information to employees on its labour practices prior to employment?
- Does the supplier provide workers with appropriate training to perform their duties and comply with these guidelines?

Occupational Health & safety

- Does the supplier have an occupational health & safety (OHS) officer, committee, staff training, and/or robust systems to ensure
 - Compliance with relevant local and national occupational health and safety laws and regulations
 - A safe and healthy working environment to prevent incidents and injuries.
 - That employees can refuse a work situation if they reasonably believe that it presents an imminent and serious risk to their health and safety.
 - All work premises are checked every day to maintain fire safety and hygiene standards.



Environment

- Does the supplier have a dedicated environmental officer or sustainability officer, environmental/sustainability policy, committee, and/or training to ensure
 - Compliance with all relevant environmental legislation in the national and local jurisdictions in which they operate.
 - Greater efficiency in the use of energy, waste, materials, and water usage that is appropriate for the nature and scale of their business services.
- Does the supplier have a formal environmental and social management system (ESMS)?
- Does the supplier have any initiatives in place to support the circular economy by eliminating waste and pollution; circulating products and materials through reuse, repair, refurbishing and recycling as long as possible; and designing products and processes for durability, reuse, and recyclability?
- Does the supplier have any impacts on biodiversity or ecosystems through its operations, services, or products? If yes, have they put in place a policy and systems to reduce risks and enhance positive outcomes?
- What are the ways the supplier is going to be affected by climate change? e.g.,
 - extreme weather
 - drought
 - floods
 - supply chain disruption
 - changes in technology standards or other regulations
- Does the supplier contribute to climate change in any significant ways? e.g., through GHG emissions?
- Has the supplier assessed its contribution to climate change and potential exposures to climate-related risks?
- Are any initiatives in place to mitigate and adapt to climate change? Is this driven/supported by the Board or management?

Community and stakeholder engagement

- Who are the suppliers' key stakeholders? e.g., employees, business partners, communities, and customers?
- Does the supplier understand the value of engaging effectively with these stakeholders? Which channels are currently used to engage?
- Has the supplier made any changes in response to stakeholder feedback?
- Is there a visible and accessible mechanism for stakeholders to raise complaints or grievances, including through an anonymous channel?
- Are there any initiatives in place related to
 - skills development
 - urban renewal projects
 - educational and health-related projects
 - other social projects.

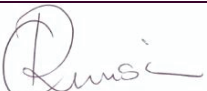



Annex III: Considerations for future monitoring

The following indicators could be suggested for monitoring purposes, to be phased in over time and according to the size of the supplier businesses.

Supplier size	Year 1	Year 2	Year 3
Large suppliers with multi-year and/or national contracts with GP	Statement of compliance with the Supplier Code of Conduct	i) Description of any environmental or social initiatives and associated outcomes ii) Description of any low-carbon initiatives and associated outcomes (e.g., renewable energy generated, GHG reduced.)	i) Total GHG emissions ii) Renewable energy generated ii) Women employed iii) % waste recycled iv) Water use efficiency
Medium-sized suppliers with occasional contracts with GP	Statement of compliance with the Supplier Code of Conduct	i) Description of any environmental or social initiatives and associated outcomes	i) Women employed ii) % waste recycled
Small and micro suppliers who provide ad hoc services to GP	Statement of compliance with Supplier Code of Conduct	i) Description of any environmental or social initiatives and associated outcomes	i) Women employed ii) % waste recycled

8. Policy approval

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Growthpoint Properties				
Approval	Name	Designation	Signature	Date
Document Owner	Chanel Rennison	National Procurement Manger		November 2022
Approved by	Andile Sangqu	Chairman of the Social, Ethics and Transformation Committee		November 2022

