

GROWTHPOINT
PROPERTIES



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 30 JUNE 2016

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Introduction to Growthpoint

35th

largest company on the JSE

657

staff members

65.5%

Ownership in Growthpoint Australia

#1

South African, primary listed REIT

7th

year in FTSE/JSE Responsible Investment Index

50%

Ownership V&A Waterfront

Environmental, social and governance report

Growthpoint Properties Limited owns and manages a diversified portfolio of 467 properties in South Africa, 58 properties in Australia through its 65.5% holding of Growthpoint Properties Australia (GOZ) and has a 50% interest in the properties of the V&A Waterfront, Cape Town. Our combined property assets are valued at R112.5 billion.

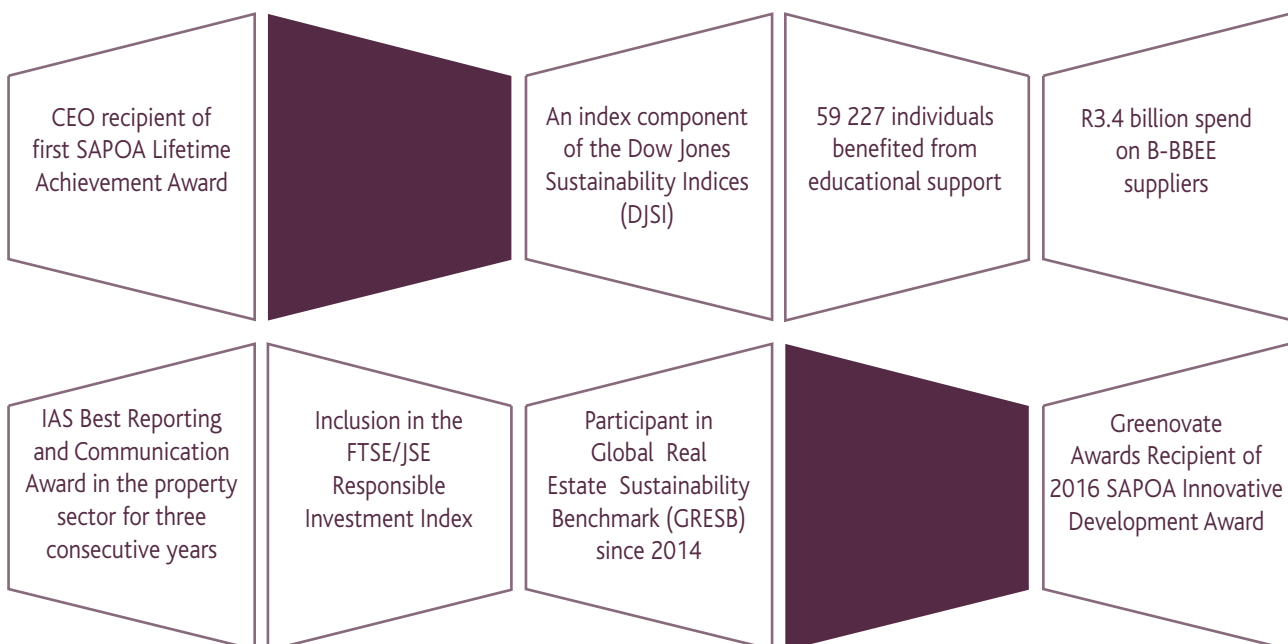
Growthpoint has operated as a Real Estate Investment Trust (REIT) since 1 July 2013. The REIT structure is a tax regime that provides "flow through" on a pre-tax basis of the net property income to investors in the form of a taxable dividend. Growthpoint is the largest primary listed SA REIT. Through our business model we create value for our stakeholders by providing growing and sustainable distributions. We are proud to have delivered uninterrupted growth in distribution to our shareholders for the past eight years.

Registered as a public company and listed on the JSE Limited since 1987, Growthpoint has participated in the evolution of reporting, particularly in relation to environmental, social and governance (ESG) indicators. In its efforts to remain a conscientious and responsible corporate citizen, Growthpoint has incorporated best practices wherever possible for both operational and reporting elements of the business. Our role as one of the founding members

and our continued engagement in the Green Building Council of South Africa (GBCSA) is an example of our efforts to apply best practice and demonstrate leadership. Within the social segment we are working to progressively improve areas relating to labour relations and transformation. From a governance perspective, we adhere to the King Code of Governance.

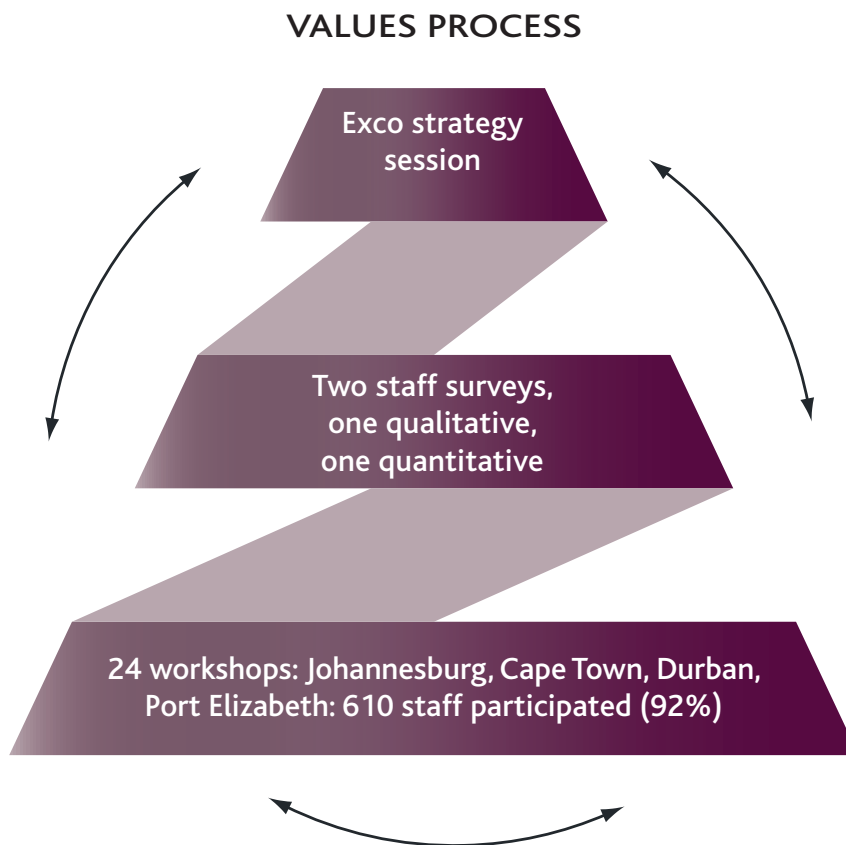
Over the past few years Growthpoint has seen an increase in enquiries relating to ESG, particularly from the international stakeholders and research institutions. In response to this, we have decided to publish an online document to address some of the commonly queried indicators. This is our inaugural report and we are confident that it will afford us an opportunity to enhance our disclosure on ESG and provide a platform for continued improvements in this regard for our shareholders and stakeholders.

ESG highlights



Vision, mission and values

In the last financial year, the business undertook extensive staff engagement to reassess our vision, mission and values. This is key to understanding what the organisation is working towards and the agreed values that determine how we do this. An additional 140 employees from recent acquisitions were integrated in FY16 necessitating the timing for refining Growthpoint's strategy. There is a clear link between expected behaviour and our impact on ESG.



The outcome of this process has been encouraging and our Exco team is using this formation to assist in developing a five-year strategy with clear strategic thrusts and enablers. An interview with our Chairman and CEO in the 2016 Integrated Annual Report provide additional information on this.

The vision, mission and values defined during this process are as follows:

Vision

To be a leading international property company, providing space to thrive.

Mission

We create value for all our stakeholders through innovative and sustainable property solutions.

Values



Associated behaviours

Collaborate. Engage. Get involved. Do your bit. Be part of something bigger. Be who you are. Celebrate the diversity of those around you. Respect them. Support. Find solutions. Spark. Share. Strive towards a common goal. Make it happen. Together.



Associated behaviours

Do more. Do whatever it takes. Go the extra mile. Be more. Be hungry. Be ambitious. Be better than yesterday. Be better than the person sitting next to you. Be better than you ever thought you could be.



Associated behaviours

Reinvent the future. Co-create the next big thing. Welcome change and embrace diversity in our team. Question. Challenge. Set us apart. Take us forward.



Associated behaviours

Don't ask why. Ask why not? Ask how we can do it better. Care too much. Defy expectations. Make it first class, five star, above and beyond. Every time.

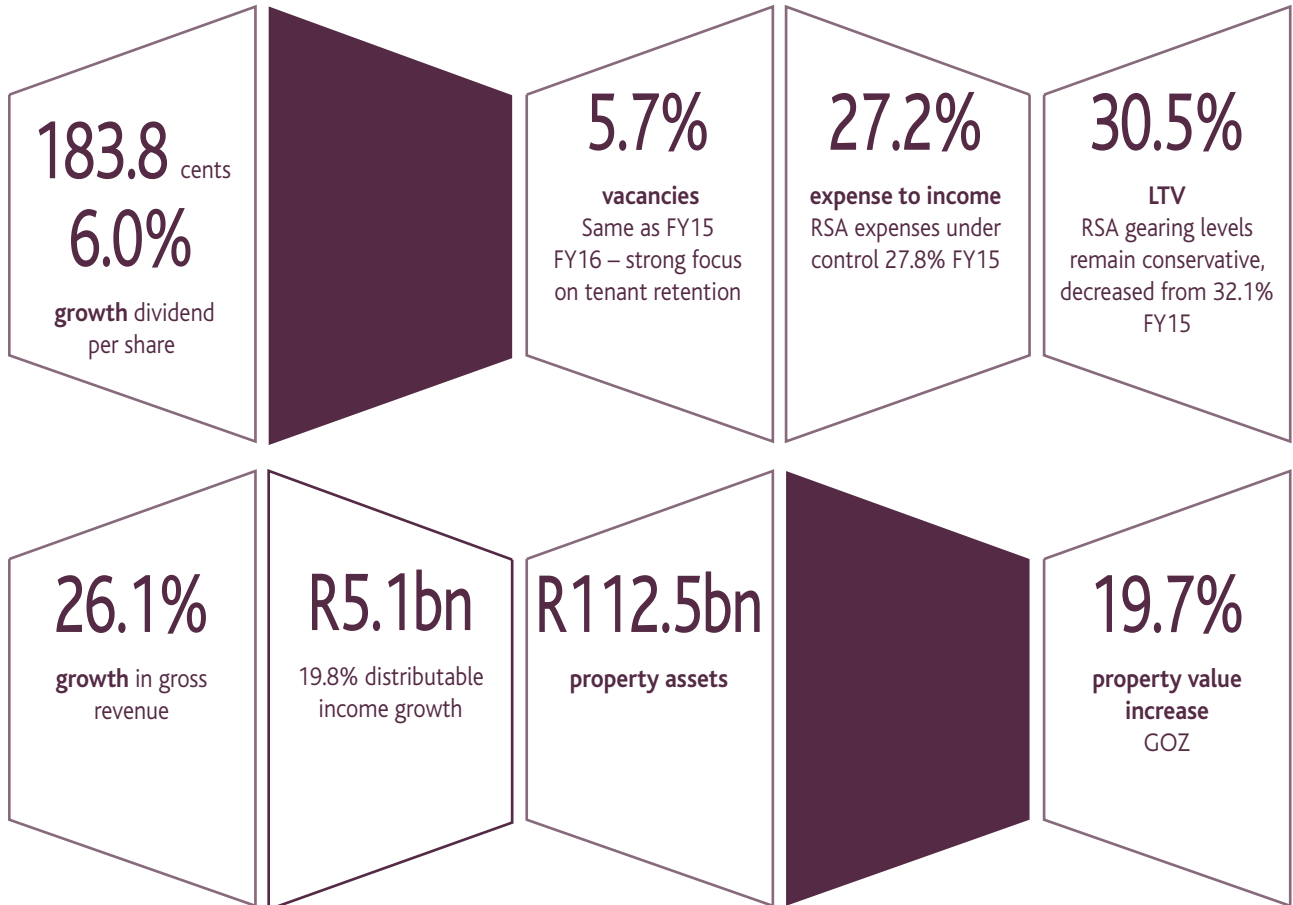


Associated behaviours

Nurture it. Value it. This is what it takes to create growth for all our stakeholders and the communities around us. Respect the people and the process. Focus on the details. Make it yours.

Additional information on the values process can be found the 2016 Integrated Annual Report.

FY16 financial highlights



Value added statement

	FY16 Rm	FY15 Rm	FY14 Rm	FY13 Rm	FY12 Rm
Revenue	10 570	8 322	6 959	6 215	5 519
Property and other expenses	(1 170)	(990)	(853)	(815)	(770)
Value added	9 400	7 332	6 106	5 400	4 749
Finance and other investment income	816	728	546	253	180
Wealth created	10 216	8 060	6 652	5 653	4 929
Shareholders	5 072	4 232	3 497	2 728	2 395
Providers of debt	2 710	2 215	1 802	1 820	1 710
Government and regulatory bodies	941	747	602	469	363
Employees	625	463	418	353	279
Minority interest holders	450	329	293	248	182
Reinvested in the Group (GOZ)	418	74	40	35	–
Wealth distribution	10 216	8 060	6 652	5 653	4 929

	2016 Rm	2015 Rm
Net property income per RSA employee	8.7	6.4
Distribution per employee	5.8	4.5
Lease renewal rate (%)	68.7	65.6

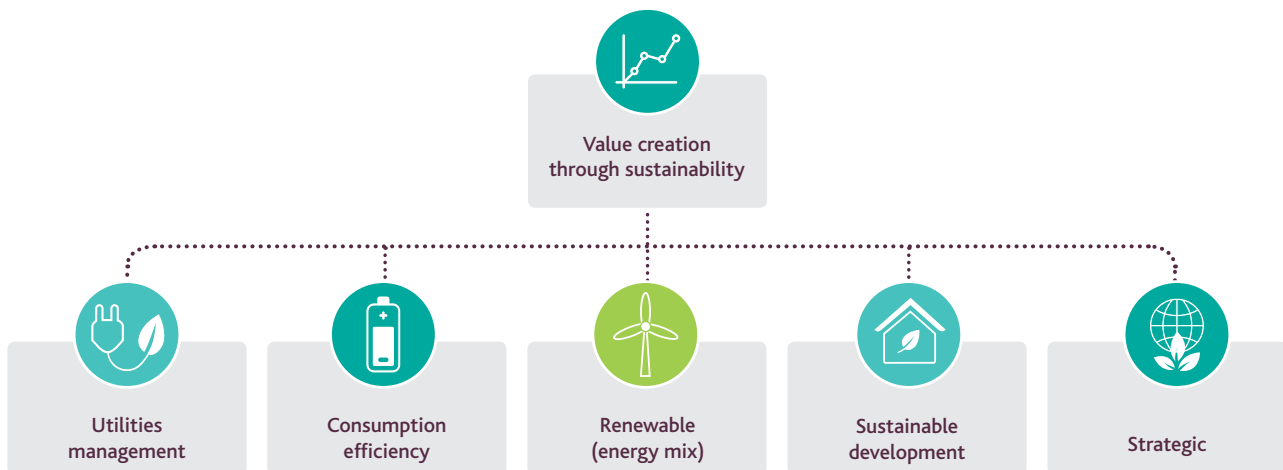
Commenting on the results, our CEO Norbert Sasse says: *“Growthpoint has delivered a positive performance in a tough year. Volatile financial markets, an increasing interest rate environment, depressed local and global growth and soft property demand dynamics created an extremely difficult operating environment. Against this backdrop, we’re pleased to report results slightly ahead of budget that sustain our shareholder returns and represent significant strategic progress in our business.”*

Environmental

Growthpoint is proud of the strides it has made relating to environmental considerations in recent years. By making constant improvements in the way in which the business operates in relation to the natural environment and its use of natural resources, we continue to place increased importance on environmental considerations.

Growthpoint continued on its journey of sustainable development and operations that are changing the way in which it does business for the better. Already a prominent owner and manager of properties in South Africa, we are simultaneously establishing ourselves as a leading green property developer to better accommodate the needs of our clients and ensure the long-term sustainability of our business.

Each sector in our South African business – retail, industrial, office – has a different level of focus for environmental sustainability. We have developed a sustainability strategic framework to highlight five key focus areas for Growthpoint

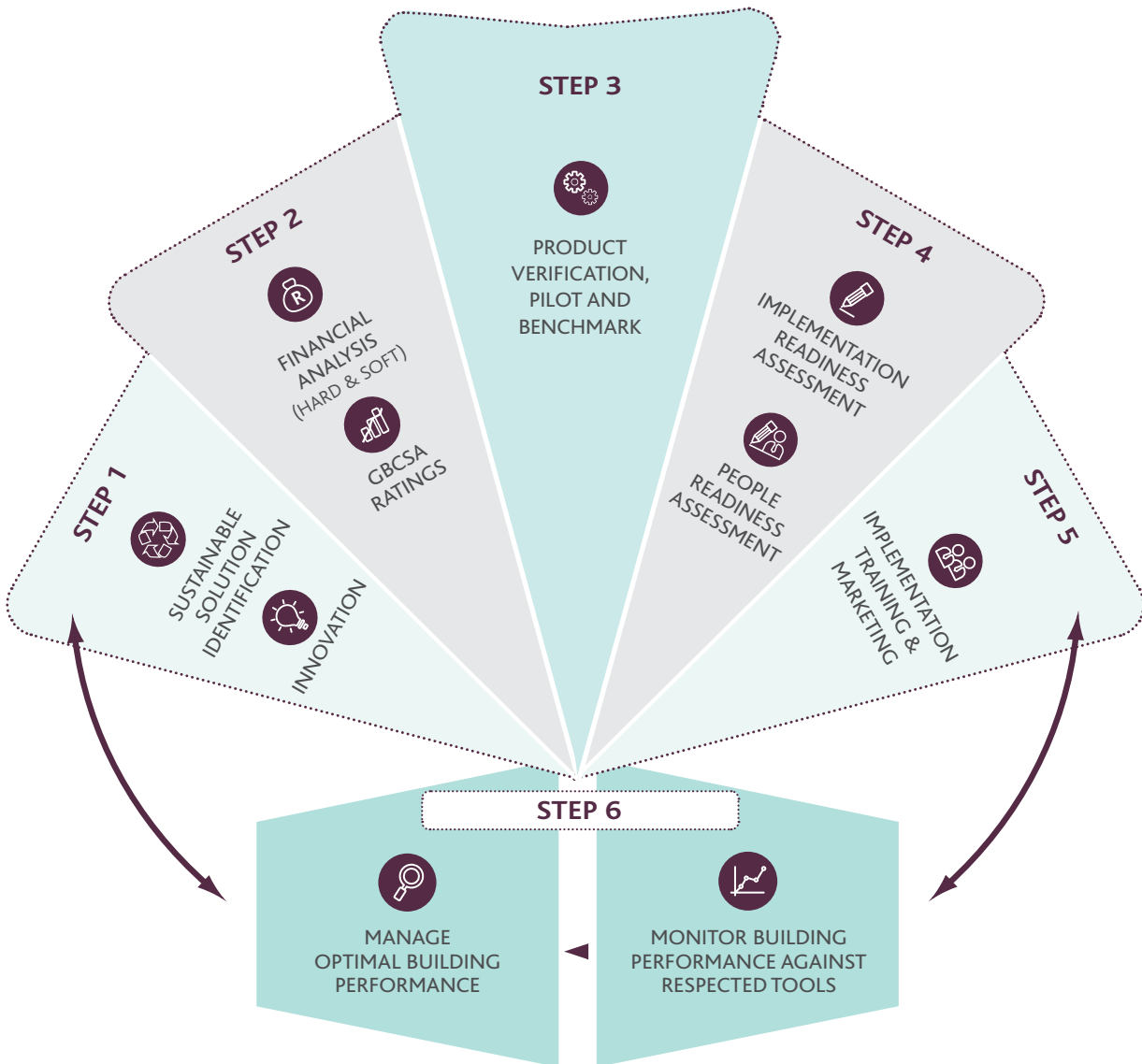


Additional details on the sustainability strategic framework can be found in the 2016 Integrated Annual Report.

In line with our sustainability focus, our business sectors are pursuing the following initiatives in line with the strategic framework:

Office	Retail	Industrial
Solar GBCSA certification Green addendum GreenX5.0 campaign (energy and water) Basement lighting project Greenovate	Solar Water initiative Waste management Electrical vehicle charging stations Greenovate	Solar GBCSA certification Greenovate

With our sustainable strategic framework, we are able to identify interventions of all types and standards. These interventions then flow into a governance framework; our six steps to sustainable change. This framework ensures a suitable solution with a strong business case aligned to the quality standards of the GBCSA (where applicable), is implemented within the Growthpoint portfolio. This ensures that the performance of interventions are tracked after they are implemented. Additional details on the sustainability strategic framework can be found in the 2016 Integrated Annual Report.



Environmental continued

Attaining Green Star ratings for our buildings is one of the key facilitators that enables us to improve our environmental impact. Growthpoint uses the Green Star SA rating system, which was adopted and adapted for the local market and environmental context by the Green Building Council of South Africa (GBCSA) from the Green Building Council of Australia. The Green Star SA tools are localised to respond to the local market and environment.

Our office portfolio pioneered the use of the Green Star SA rating system and is the leading the industry with its portfolio of green-rated office buildings. While there is no rating tool for industrial buildings, one is now being developed by the GBCSA and our industrial sector is at the forefront of its development as a key partner. Post financial year end, Greenfields Industrial Park achieved a 4-Star Green Star SA certificate, South Africa's first custom Industrial As Built certificate. Greenfields received 52 points out of the targeted 56 points. The building scored 20/20 for energy, ENE-1 and 29/29 for energy credit. In addition, the building will be a key pilot project for net zero energy buildings in South Africa. Ratings have not yet been achieved in our retail portfolio, but even where a building is not rated, we ensure that minimum standards are met and incorporate efficiencies that adopt best practice where it is financially feasible and makes good business sense.

Growthpoint currently has 23 Green Star SA certified buildings in its portfolio, these include both new developments and existing office buildings. Our goal is to have over 50 Growthpoint office buildings certified using the GBCSA Green Star SA rating tool by the end of the 2016 calendar year. A large part of this is certifying existing office buildings. We are in the process of certifying a further 28 existing office buildings, and have already completed their submission to the GBCSA. A list of factors considered are listed on our website http://www.growthpoint.co.za/pages/green_buildings.aspx.

Our Green Star SA rated buildings highlight the quality of our portfolio and increase the marketability of our buildings. A building certification from a respected external specialist gives our clients the assurance of independently green-rated buildings.

In August 2013, Growthpoint implemented the Green Addendum, a partnership with tenants where any financial savings from the decrease usage of energy and water will benefit both Growthpoint and the tenant. This initiative continues to see growth in the uptake, which has now been added to our principle lease agreements and, as a result, additional energy reduction initiatives are being implemented. The total green recoveries have crossed the R10 million mark since implementation.

Growthpoint is committed to responsible environmental conduct beyond our legal and regulatory requirements. The board,

management and staff of Growthpoint are committed to reducing the company's environmental impact and continually improve the company's environmental performance as an integral part of its business strategy.

Growthpoint continually monitors and improves environmental performance in relation to business developments. Our environmental policy focuses include climate change and carbon emissions, energy, water, waste and biodiversity. Growthpoint is working towards reducing its consumption and having a greater positive impact on these and other environmental considerations wherever possible. We do this through effective environmental management systems, stakeholder engagement and education.

Our approach is to work with staff, tenants, suppliers and other stakeholders to find the best solutions within our business parameters. Our efforts are multipronged and ongoing, addressing issues that span across the business as well as individual projects.

We also work toward making a constructive contribution to national environmental objectives as well as implementing local and international best practices where appropriate for our business. Growthpoint actively engages on environmental issues on various national, local and international platforms as a representative of the property sector and a responsible business. We are recognised as a leader and catalyst for sustainability in the property sector.

Growthpoint's development responsibility matrix provides a list of indicators to be considered when developments are undertaken. It ensures compliance with national building regulations which addresses a variety of social considerations. We work with various partners in this regard. Access to Growthpoint owned and managed buildings is important. This includes accessibility for the disabled. A special development framework is also considered when developments are undertaken. Engagements with local council are specific to the developments under review.

Priorities and targets

With the acquisitions and disposals of buildings in the ordinary course of business, we have found target setting a challenge as the baseline changes from year to year. The nature of the buildings involved in this corporate activity can distort the targets set. That said, we are looking at an internal assessment for the industrial and retail sectors to establish a trend for these divisions. There have been internal roadshows held with the retail and industrial sector to enhance awareness of environmental sustainability considerations. The targets set out below for water and energy are for our office portfolio only.

Water

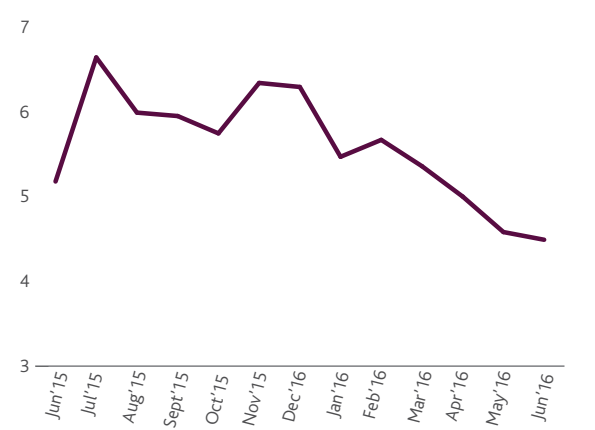
Water has become one of the most fundamental natural resources we have to consider. South Africa is a semi-arid country and with the droughts experienced across the country in FY15/FY16, we have had to give the availability of water, our usage and the impact on our operations prominence.

We want all our office buildings to consume less water than the internally set benchmark of 0.88kl/m² per year by 2020. To achieve this, we undertook an initial in-house water risk review of Growthpoint's portfolio that considered 12 indicators. These initial efforts have revealed several water-related factors that need further consideration. We intend to increase our water management efforts. We expect to be in a position to provide additional disclosure on this issue next year.

By focusing on short-term interventions, to improve water efficiency in the latter part of FY16, 22 of the 47 buildings assessed have shown significant improvement, mainly due to big leak fixes. 14 are showing gradual improvements due to water behavioural adaptations while issues in the remaining building are being addressed.

The results of this initiative indicated an 18% reduction in water usage for the 47 buildings with more improvements expected. 8 000kl of water at a value of R368 000 have been saved per month.

Water consumption (kl/m²)



Energy used	2016	2015	2014
GLA assessed (m ²)	4 844 719	4 180 333	4 097 366
Number of buildings	390	363	371
Energy from fuels (MWh)	207.50	515.62	263.39
Purchased electricity for Growthpoint occupied space (MWh)	2 037.03	2 119.08	2 752.79
Purchased electricity for tenant occupied space (MWh)	822 362.06	627 262.29	613 571.36
Total energy (MWh)	824 606.59	629 896.99	616 587.54

Energy

Where feasible, we want to incorporate renewable energy solutions in our buildings. We have invested over R30.0 million in solar energy projects, most of which were approved and implemented in FY16. We anticipate reporting greater cost and environmental benefits in FY17. An additional R62.6 million is approved for investment in solar projects.

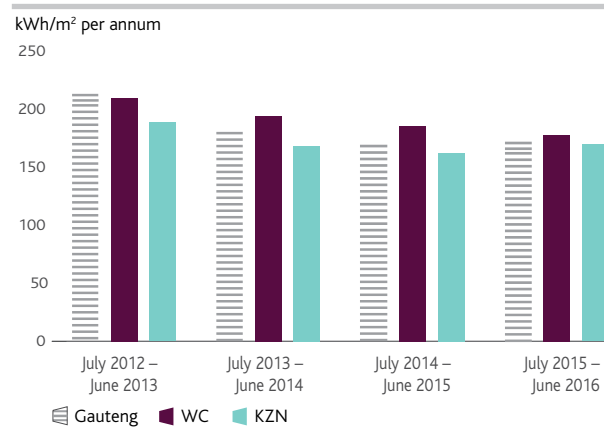
At FY16 we had 2.72MWp (excluding the V&A) solar plants installed. Our target is to have 5MWp installed by the end of 2016, but we expect to exceed this and achieve 6.5MWp installed. The payback period is approximately six to eight years for all projects.

	FY16	FY15
Energy produced by solar (kWh)	2 239 391	941 834
Emissions saved (tCO ₂ e)	2 239.39	951.25
Annual saving (R)	1 928 607	1 480 663

We want all our office buildings to use less than the internally set benchmark of 200kWh/m² per year by 2020.

All new office developments should achieve a minimum 4 Star Green Star SA rating.

Geographical split of energy usage over the last four years*



*Note that the portfolio changes annually due to acquisitions and disposals

Environmental continued

Waste

We continued our focus on data gathering and categorising different waste types. A new process for data collection has been developed to capture our waste data and was successfully implemented across our portfolio from January 2016. We worked closely with our vendors to standardise our reporting and ensure reports are provided regularly. With a better understanding of the types of waste collected, Growthpoint will be in a better position to develop a waste management and recycling strategy. This will also assist in developing waste benchmarks to compare and benchmark our buildings on waste recycling performance. The primary references for waste management is the Health and Safety Act of South Africa, The National Building Regulations of South Africa and the GBCSA.

Carbon emissions

A reduction in carbon emissions is a global focus. Growthpoint undertakes a carbon footprint audit annually, informing us of the extent of our footprint. We work towards reducing our carbon impact and ensure we contribute constructively to both national and international carbon objectives.

For the last two years we have aligned our carbon footprint review with our financial year. Our carbon footprint includes all properties owned and managed by Growthpoint Properties, where we have operational control. FY15, excluded the 46 properties in our most recent acquisitions, as our systems were not aligned. These properties are included in the FY16 review. Our targets have been revised and the FY15 carbon footprint will be used as the new base year. Our current intensity per square metre is 0.16 tCO₂e and our target is to reduce this by 5% tCO₂e per square metre in the next five years. We are reviewing the possibility of setting science-based targets. Total GLA under review for FY15 was 4 180 333m² (363 buildings), total GLA under review for FY16 was 4 844 719 m² (390 buildings).

Scope 1 and 2 intensities

	FY16	FY15
Total scope 1 and 2*	2 130.29	2 209.10
Intensity GLA	0.16	0.13
Intensity revenue	0.27	0.26
Intensity FTE	3.24	2.73

*Scope 1 and 2 GLA: 2016 – 13 328m²; 2015 – 12 378m²

The verification was carried out in accordance with the international standard ISO 14064-3 (2006) specification with guidance for the validation and verification of greenhouse gas assertions.

As part of our commitment to reducing carbon emissions, Growthpoint made a COP 21 commitment to have the entire office portfolio of 184 buildings spanning 1 790 428m² at FY15 certified with a minimum of a 4 Star Green Star SA by 2020. The GLA at FY16 is 1 799 391m².

For all buildings reviewed, electricity was purchased from Eskom or local municipalities.

Carbon tax

With the implementation of carbon tax, the business has assessed the risk and considered the risk to have a relatively small impact based on the current legislation. This could however, have a big impact on some of our tenants and if our tenants' financial stability is called into question it could impact Growthpoint. To manage the risk Growthpoint is continuing with its investments in the implementation of energy efficient systems across buildings in our portfolios and we have a number of renewable offerings available. This will potentially reduce our reliance on the national electricity grid. Our Green Addendum, is a partnership with tenants where any financial savings from the decrease usage of energy and water will benefit both Growthpoint and the tenant.

Biodiversity

Growthpoint's operations are predominantly in urban areas, thus, the company's impact on biodiversity is limited. For all developments there is rigorous engagement with local councils as well as adherence to all necessary legislative and regulatory requirements. Environmental impact assessments conducted will consider biodiversity elements in the analysis for the projects under review. Growthpoint does undertake to ensure that all environmental legislation is adhered to at all operations as per national building regulations. There is also extensive engagement with local municipalities to ensure adherence to regulations as well as ensuring social concerns are also addressed.

External and internal stakeholder groups engagement

We are members of the South African Property Owners Association (SAPOA) sustainability committee. We also participate in initiatives led by the Department of Energy, especially providing input in the Energy Performance Certification programme and energy reduction targets in the commercial property industry. Local municipalities also represent a number of stakeholders and community interests. We work to address issues material to our operations.

Growthpoint was an active participant in the eco-mobility month held in October 2015. We worked with the local municipality and other partners to contribute to the awareness of the initiative and ensure employees were sufficiently informed of transport options and road closure times. We also provided staff feedback

via an online survey. In our efforts to positively contribute to eco-mobility we have been working with a number of partners to provide an e-bike option to staff and the broader public in Sandton and Rosebank. This initiative is long in the planning and we are hopeful that this will lead to greater benefits for all once we have streamlined the offering. Additional information can be found on the following website <http://www.greencycles.co.za/>

Growthpoint and the GBCSA initiated a joint project to develop and establish a student awards programme. This programme and the Greenovate Awards, introduces university students to green building thinking and recognises excellence in application. The Greenovate Award competition targets students in their honours year who are studying property, construction and quantity surveying. The pilot programme with the University of Cape Town, University of the Witwatersrand and University of Pretoria was very successful. In 2016 it was expanded to include Nelson Mandela Metropolitan University and University of the Free State. The Greenovate Awards have positive impacts on education, entrepreneurship, innovation and society, in building an awareness relating to green initiatives.

Financial impact of environmental events

There have been financial implications from changing weather conditions. We are now starting to track this data and the cost of various incidences. This will also inform our risk strategy. Below is an account of the cost of various weather-related damage to our properties.

Costs of environmental events

	Earthquake R	Rain R	Hail R	Heat R	Wind R	Total cost R
FY16	–	170 712	233 761	–	250 319	654 792
FY15	414 821	362 637	856 731	357 696	–	1 991 885

Additional details on the environmental achievements and major projects for FY17 can be found in the 2016 Integrated Annual Report.

Social

“Growthpoint does not tolerate discrimination of any kind. We definitely do not support any form of hate speech, and we believe every individual has the right to live the way they choose, according to our constitution.” *Norbert Sasse, CEO, Growthpoint Properties*

Growthpoint recognises the importance of the social ecosystem that exists between the business and the greater community.

To this end, we engage with our local communities, our tenants, our suppliers and our staff members to make a difference to the country's socio economic development. We look to monitor and stay abreast of our impact by outlining particular social impact indicators relevant to our business.

Human rights

Growthpoint is committed to upholding human rights, including freedom from discrimination of any kind. In line with our country's constitution, we do not support any form of hate speech, and we believe every individual has the right to live the way they choose. Furthermore, our commitment to human rights includes indigenous rights. We uphold the principles of freedom from child labour and forced labour. We do not prohibit employees from freedom of association.

Transformation compliance

Growthpoint aligns all its broad-based black economic empowerment reporting to the Property Sector Transformation Charter. This year the business achieved a level 4 rating on the scorecard.

Element	Maximum points	Previous score	FY16 score	Value change
Ownership	20	20.08	19.06	(1.02)
Management control	10	4.13	4.17	0.04
Employment equity	15	5.72	4.95	(0.77)
Skills development	15	12.03	9.90	(2.13)
Preferential procurement	20	16.57	17.34	0.77
Enterprise development	10	10	10	–
Socioeconomic development	2	2	2	–
Economic development	15	9.77	9.75	(0.02)
Level	–	3	4	(1)

We have consistently received maximum scores for socioeconomic development and enterprise development, and improved our score in preferential procurement. Our employment equity score was impacted by Growthpoint's acquisitions. Growthpoint has experienced considerable growth and, as a result, our skills development training programme also needs to expand and evolve. With the successful integration of new staff members in FY16, we now have a better understanding of the scope required for this programme. We aim to grow our skills training accordingly in future. Growthpoint recognises the challenges presented in the proposed revised Property Sector Transformation Charter and is mitigating the possible risks.

Value created

Our B-BBEE procurement spend from all suppliers based on B-BBEE procurement recognition level far exceeds the targeted level. We achieved 92% for our total measured spend with compliant suppliers.

Our people

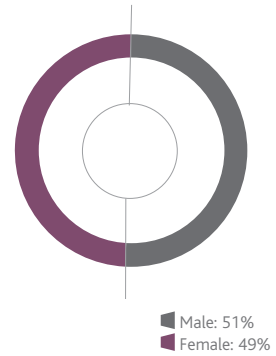
At FY16, Growthpoint had 657 staff members at an annualised attrition rate of 8.4%. In addition, we had 31 temporary employees.

Staff profile

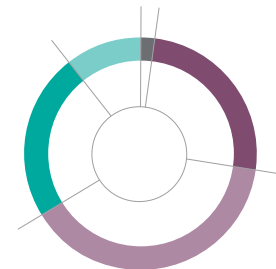
Employee statistics	FY16	FY15
Number of employees	657	700
Net property income per employee (R)	8 713 851	6 405 714
Average tenure of employees (years)	7	5
Annualised attrition rate (%)	8.4	11.6
Average age of employees (years)	42	42
Minimum CTC – lowest level of employee (R pa)	95 000	89 521
Direct investment in employee training (R million)	4.7	4.7
Total cost of employee training (R million)	6.1	6.5
Number of employees trained	456	427
Hours of training per employee	6	6
Total number of sick days	1 951	1 718
Weighted average number of sick days per employee	2.8	2.9
Number of physical injuries	4	3
Days lost to incidents	6	8
Serious occupational injuries	Nil	Nil

Due to the nature of the business, injury is infrequent and minor.

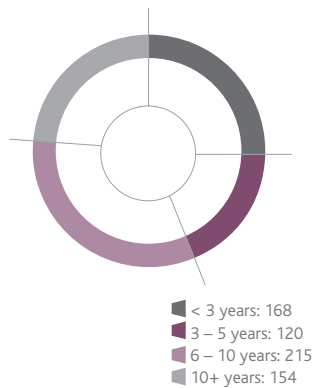
Employee gender profile



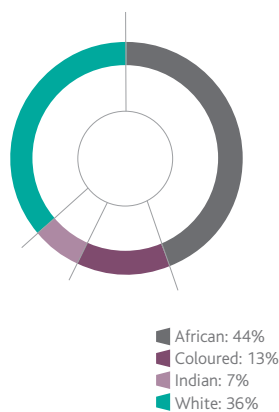
Employee age profile



Employee tenure



Race profile



We work towards B-BBEE and Employment Equity Act targets.

Social continued

Staff engagement

This is an ongoing undertaking. Communication is done periodically and when necessary via different platforms such as bi-annual results presentations to staff, emails, the company intranet, the company website, electronic notice boards in common areas and notifications on relevant issues when deemed necessary. This is done in conjunction with our Communications and Marketing division to ensure all communication guidelines are adhered to.

Grievance procedure

Employees with a grievance can address their concern directly with their manager or engage with the Human Resource department.

Health and safety

The management of Growthpoint Properties are committed to an active Occupational Health and Safety (OHS) programme, in terms of the Occupational Health and Safety Act and Regulations, Act No 85 of 1993 (the OHS Act) and will continuously strive to provide leadership and support in achieving and maintaining the highest OHS standards. We consider the health and safety of our employees, customers, contractors, visitors and the general public to be of the highest priority.

This requires that our OHS function be completely integrated in management practices and principles and therefore forms part of our daily management activities and responsibilities. The health and safety of everyone exposed to our operations, whether in the workplace or in our environment, is of primary importance to us. With the cooperation of our employees, Growthpoint will do everything in its power to minimise accidents, injuries and occupational illness which could be detrimental to our environment.

We value and continuously measure our achievements in OHS management, safeguarding the workplace and protecting our environment.

Our OHS management system aims to:

- ~ Continuously improving our OHS system;
- ~ Perform continuous risk assessments to identify workplace hazards and establish the necessary workplace controls to eliminate these hazards;
- ~ Communicate our OHS policy and strategy to all employees, thus ensuring that all employees are aware of their obligation and responsibility to OHS;
- ~ Reduce injury and maintaining an effective and well prepared environment;
- ~ Reduce property damage and economic loss;
- ~ Ensure that all employees receive proper and appropriate OHS training;
- ~ Meet our social OHS responsibilities; and
- ~ Ensure that our tenants and clients who occupy Growthpoint buildings adhere to the requirements of the OHS Act.

To achieve these objectives, the full participation and cooperation of all our employees is essential.

Quarterly OHS meetings are held and minuted. Information and developments are also provided to the Social, Ethics and Transformation Committee. There is independent external verification from a fire and loss of life perspective for insurance purposes.

Growthpoint engages the services of risk assessment companies, particularly for development projects to ensure that all contractors adhere to the OHS regulatory and legislative requirements. There is a risk assessment system (RIMS) in place that factors in OHS concerns.

Health and safety information is available on the intranet. Employees are informed of any health and safety concerns. Regular email communication to all staff, as well as posters in common areas, provide ongoing education. Regular fire drills are undertaken. Annual refresher courses are held for fire safety marshals and first aiders.

Education and awareness

We continue to provide various education and awareness interventions for our staff in various subjects including retirement, wellness, mental health, lifestyle and disease management.

We have various learning and development initiatives at all levels including adult basic education and training (ABET), handyman training, health and safety, technical apprenticeships, learnerships, professional certification, management development and formal education.

Courses attended	FY16
Adult basic education and training	14
Handyman training	17
Health and safety	127
Learnerships	14
Professional certification (EAAB)	59
Academic qualifications	16
Management development programme	4
Coaching and mentoring	2
Property courses	15
Technical computer skills	29
Business professional courses	79
Soft skills	57
Informal sessions	294
Total	727

A skills development plan is prepared and submitted annually to the Construction SETA. Succession planning and internal promotions form part of our talent management which incorporates both attraction and retention of employees.

Corporate social investment

Our business has a significant responsibility towards society. Our stakeholder engagement, including youth in local communities, staff, clients, suppliers and government, helps to embed social responsibility in our day-to-day activities. The initiatives that create value in our social responsibility include corporate social investments, enterprise development and transformation compliance. We intentionally work with historically disadvantaged and marginalised people to create opportunities that enable communities to thrive. As part of our values, we believe the "power of us" will elevate our impact as we strive for collaboration.

Our focus in FY16 was on reviewing our social responsibility model and consolidating social investments for impact reporting purposes. Social impact is a non-linear process and does not take place over a short period of time, and so our approach to meaningful impact will be evident over several years. Over the past five years, Growthpoint has invested R71.4 million in developing communities through strategic programmes. We directed our investments to entrepreneurial development, education, social infrastructure and skills development.

Third-party assessments show that the social impact of our CSI portfolio was focused on certain areas and needs to be more measurable. The review of our CSI portfolio revealed that although rental subsidies provide a means for supported NGOs to scale their organisation, they don't necessarily have a direct result on the impact these organisations have. Going forward, rental subsidies will form part of the inputs for our theory of change within our education focus.

Value created

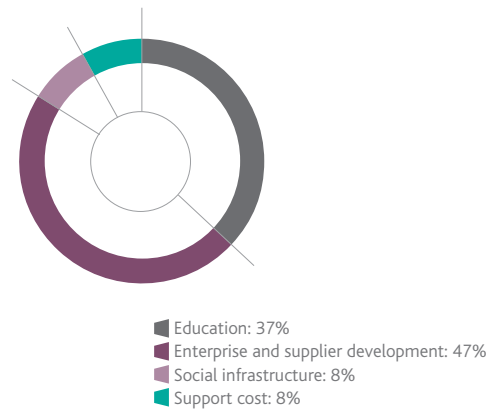
The various business sectors invested additional funding of over R2.5 million for community development initiatives. The highest recorded investment was from the industrial sector's Operation Millionaire where five charities benefited from the generosity of Jones Lang LaSalle and received donations to the value of R1 million.

Our social impact model of engagement



CSI spend in FY16

FY16 split per social investment category



Social continued

Social investment indicators for the educational value chain

Level of indicator	Early childhood development	Primary school	Secondary school	Tertiary	Skills/development
Programme/ beneficiary	Stop Hunger, Loaves and Fishes, Education Africa, Asha Trust, Scatterlings, Cotlands	Growsmart, Molteno, iSchool Africa, Pretoria School, Unity College	Thandulwazi Maths and Science Academy, Go for Gold, Sparrow School, Field Band Foundation, Genesis Trust, ASE, Tomorrow Trust	Growthpoint bursary programme, SAPOA bursary programme	Association for the Physically Disabled, Learn to Earn, YouthZones
Input indicator					
Amount disbursed to grantee in the form of grants, rental subsidy or infrastructural development	R1.5 million	R3.6 million	R1.8 million	R0.5 million	R0.5 million
Output indicator					
Number of individuals benefiting	1 646	56 538	966	7	70



Procurement

The value proposition is to partner with all stakeholders to deliver international best practice for procurement and supply chain through value adding, innovation and quality services.

This is done through a four stage process:

- ~ Vender management
- ~ RFP management
- ~ Contract management
- ~ Compliance/governance

Strategic sourcing is underpinned by research and demand of business requirements based on internal and external benchmarks and best practice.

As part of the vender management process, the measurement for accreditation is to ensure compliance with

- ~ Technical competencies
- ~ Risk, including health and safety, compliance and financial stability among other factors
- ~ B-BBEE
- ~ Capacity which include environmental considerations

The procurement team work closely with the Property Point team in our enterprise development efforts. As part of our skills development initiative, we are partnering with a number of suppliers to help with the development of existing businesses and assist with getting vendors accredited through technical training.

We are an active member of the Johannesburg Chamber of Commerce and Industry and are engaged with the services cluster. Through this cluster, a voice is given to Growthpoint and the property sector as a whole. It creates and leverages off training. One of the focuses is to increase locally sourced products. Through the Green Star rating process and the GBCSA consultants we ensure that contractors comply with environmental friendly and sustainable building materials. Avoidance of off-gassing considerations form part of the GBCSA Green Star Rating process. As part of the building material specification in the design development phase, minimum requirements are set in terms of sustainable materials that can be procured and preferably locally sourced.

Opportunities

- ~ Management of total cost of ownership
- ~ Risk and compliance
- ~ Bulk buying leverage using Growthpoint volumes
- ~ Improvements in service delivery through enhancement of supplier partnerships
- ~ B2B – reciprocal agreements with tenants
- ~ Space for innovation
- ~ Service standardisation across sectors, regions and SBUs.



Governance

Governance is a fundamental pillar of Growthpoint's operations, driving accountability at all levels of business. Governance at Growthpoint meets with or exceeds the provisions and principles of the King III Report and Code, which are also followed for purposes of annual reporting. In addition, certain meritorious governance criteria advocated by institutional investors are also considered and applied. These include the Code for Responsible Investment in South Africa (CRISA).

As part of Growthpoint's and the Board's commitment to sound governance, the directors endeavour to ensure that the business is conducted with integrity and accountability, as per the Code of Ethics incorporated in the Board Charter. This entails ongoing improvement of structures, policies and practices implemented to enhance corporate governance in the company's best interests and for the ultimate benefit of all stakeholders.

The company has remained compliant with the Companies Act 2008, as amended (the Act). The Board Charter as well as the terms of reference of Board committees are aligned with the provisions of the Act, as are Growthpoint's own statutes and those of its subsidiaries.

Code of ethics and business conduct

The Code of Ethics aims to ensure that Growthpoint conducts its business in line with the highest ethical standards. The code in particular seeks to ensure compliance with relevant legislation and regulation, in a manner that is beyond reproach. The code is available to employees and other stakeholders, as are Growthpoint's mission and value statements. The Code of Ethics and Growthpoint's mission and value statements are posted on the company website.

Non-executive director tenure and independence

Name of director	Year of appointment	Number of years in service	Gender	Status
Mzoli Diliza*	2001	15 years	Male	Non-independent
Peter Fechter	2003	13 years	Male	Independent
Lynette Finlay	2009	7 years	Female	Independent
John Hayward	2001	15 years	Male	Independent
Hugh Herman	1995	21 years	Male	Independent
Francois Marais	2003	13 years	Male	Independent
Patrick Mngconkola**	2012	4 years	Male	Non-independent
Ragavan Moonsamy	2005	11 years	Male	Independent
Mpume Nkabinde	2009	7 years	Female	Independent
Frederick Visser	2001	15 years	Male	Independent

*BEE partnership

**Non-executive director of the Public Investment Corporation (SOC) Limited – Growthpoint's largest shareholder

Board committees

Committee	Composition	Primary function
CHAIRMAN'S COMMITTEE	Board's Chairman (as committee Chairman) and the Chairmen of the Board's committees	Chairmen of the committees to raise matters which they or their committees feel need to be raised with the Board. Executive management to raise matters or emerging issues. Discussion of aspects of governance that might require attention from time to time
AUDIT COMMITTEE	Three independent non-executive directors, including the Chairman of the Risk Management Committee. The Managing Director, Financial Director, external auditor, Financial Manager and Head of Internal Audit and Risk Management are present at meetings, by standing invitation	Assist the Board in its supervisory and governance responsibilities
RISK MANAGEMENT COMMITTEE	Four independent non-executive directors, including one member of the Audit Committee. The CEO, Financial Director, Head of Internal Audit and Risk Management, Head of Human Resources, Chief Information Officer, Corporate Treasurer and external auditor are present at meetings, by standing invitation	To ensure the quality, integrity and reliability of the Group's risk management
PROPERTY COMMITTEE	Four non-executive directors. The CEO, Managing Director, Financial Director, Fund Directors and the Valuer are present at meetings by standing invitation	It assists the Board with decisions regarding Growthpoint's property portfolio, as well as review and approval of property budgets and valuations
REMUNERATION COMMITTEE	Board's Chairman, two independent non-executive directors, the CEO, Managing Director and the Head of Human Resources attend meetings by invitation	Helps determine the key components of remuneration, in conjunction with performance review criteria for executive directors and senior management
NOMINATION COMMITTEE	Members of the Chairmen's Committee and is chaired by the Board's Chairman	Recommendations to the Board on non-executive and executive director appointments as well as the Board's composition as a whole
SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE	Five non-executive directors. The Managing Director, Financial Director, Head of Human Resources, Head of Corporate Social Responsibility, National Facilities Head and National Developments Head attend meetings by invitation	The committee's scope includes the statutory duties of a Social and Ethics Committee in accordance with the Act

Governance continued

Average Board meeting attendance: 93% of meetings of Board and its sub-committees.

Growthpoint does not prescribe the average number of other mandates for Board members.

Additional information on corporate governance can be found in the 2016 Integrated Annual Report.

Responsible behaviour relating to political contributions and other responsible behaviours is in our Corporate Social Responsibility Policy. No political contributions were made in FY16.

There is an external independently operated whistleblowing hotline. This is made available to all stakeholders.

Policies for South Africa

Employee responsibility, business practice and compliance are stipulated and provided to all employees on commencement of employment. This information is also available on the company intranet. The conditions of employment stipulate the expected behaviour for all employees.

Growthpoint undertakes not to engage in discrimination that would be unfair in terms of the Employment Equity Act or any other applicable legislation.

The following policies have been drafted and implemented:

Policy	What it covers
Benefits	Benefits granted to employees, rewards for exceptional performance, other gifts, long service awards, professional memberships and clothing allowances
Board Charter	Provides the terms of reference, overall purpose and objectives of the board, membership and responsibilities, accountability, self-assessment and Code of Ethics
Cell Phone Policy	Eligibility, re-imbusement process and levels in compliance with SARS
Computer Usage Policy	Employees' obligations to safeguard Growthpoint's competitive advantage and business continuity, as well as to ensure the ongoing confidentiality, integrity and availability of all Growthpoint's computer resources
Corporate Social Responsibility Policy	The CSR Policy incorporating the Socioeconomic Development (SED) Policy, provides guidelines and assistance in order to implement SED and the enterprise and supplier development (ESD) elements of broad-based black economic empowerment (B-BBEE)
Disability Policy	Disability benefits available only to employees who become disabled during their employment at Growthpoint
Disclosure and Crisis Management Policy	Dealing with, <i>inter alia</i> , price-sensitive information, in line with the JSE Limited ("JSE") Listings Requirements ("Listings Requirements"), as well as other recognised best practices. Addresses elements such as the communication framework and authorised spokespersons, dissemination of information, fair distribution of information, price-sensitive information and profit forecasts, dealing with the media, unexpected circumstances or events, crisis management and communication
Dress Policy	To define appropriate business attire for Growthpoint staff
Environmental Policy	Growthpoint's commitment to responsible environmental conduct. Areas of consideration include climate change, carbon emissions, energy, water, waste and biodiversity
Flexible work hours statement	Developed to allow employees to manage accessibly to the office with consideration of personal circumstance and operational requirements within their department
Gift Declaration Policy	Policy on gifts, entertainment and inducements in line with the Prevention of Corruption and Corrupt Activities Act, 2004 (PRECCA) to combat corruption and associated activities
Health and Safety Policy	Prepared in line with the Occupational Health and Safety Act No 85 of 1993 to provide for the health and safety of persons at work

Policy	What it covers
Financial Assistance Policy	Circumstances under which the company may provide financial assistance to employees such as situations of undue personal hardships which are unforeseen/unanticipated (emergency situations), which the employee could not have provided for and no other institution could provide for.
Leave Policy	To provide clarity on leave provisions for employees. The objective is to ensure that all staff are informed of the procedures around eligibility and the leave application process. Leave types specified are: annual leave, sick leave, family responsibility leave, bereavement leave, maternity leave, adoption leave, paternity leave, study leave, religious leave, special leave, unpaid leave and disability leave.
Medical Aid Policy	All permanent employees to become a member of one of the company's medical aid schemes, unless an employee is entitled to medical benefits in terms of another scheme, provided proof of such membership is provided annually.
Procurement Policy	Stipulates the processes and procedures around procurement activities. Specific considerations are given to the size of the procurement deal as well as to B-BBEE considerations.
Retirement Policy	Group provident fund, early retirement benefits, low risk portfolio option, staff incentive scheme, retirement counselling and financial planning.
Recruitment Policy	Give guidance to management on attracting the most suitable candidates to fill vacant positions. In addition, the policy aims to provide guidance on the recruitment of candidates so as to comply with the provisions of the Labour Relations Act No 66 of 1995 as amended and the requirements of the Employment Equity Act No 55 of 1998 as amended.
Relationship Policy	Provides guidance on personal relationships between employees in the professional working environment.
Serious Illness Insurance Policy	A list of serious illnesses covered as well as the terms and conditions and related benefits.
Sexual Harassment Policy	Defined in accordance with Notice 1367 of 1998 in terms of section 203(2) of the Labour Relations Act No 66 of 1995 ensuring proper process in a sensitive and confidential manner.
Study Assistance Policy	Provides employees with focused educational opportunities, to enable the acquisition of qualifications necessary for career development within Growthpoint.
Substance Abuse Policy	Stipulates behaviour that constitutes a breach of company policy and a breach of an employees' duty to act in good faith towards Growthpoint
Social Media Policy	Governs the use of social media by Growthpoint Properties Limited and all its subsidiaries or affiliated companies employees, associates and contractors, in both a personal and professional capacity.
Travel Policy	Sets out the travel and accommodation arrangements for Growthpoint employees or other authorised persons whilst away on business travel. This addresses both local and international travel.
Whistle Blowing and Protected Disclosure Policy	Encourages, Growthpoint employees, to raise concerns about workplace malpractice without fear of victimisation or reprisal. Growthpoint seeks to protect all employees who disclose unlawful or irregular conduct by the company, its employees or other stakeholders.

Growthpoint's impact on the UN SDGs and the NDP

Growthpoint is acutely aware of its impact as a business in relation to ESG, we have thus considered the UN Sustainable Development Goals and the extent to which they correlate with the South African National Development Plan and the degree to which Growthpoint is having an impact on these items.

UN Sustainable Development Goals	Alignment with NDP	Growthpoint aligned activities
	<p>Two NDP objectives from Chapter 11: Social Protection</p>	2016 IAR, CSR
	<p>One NDP objective from Chapter 5: Environmental Sustainability and Resilience</p> <p>Two NDP objectives from Chapter 6: Inclusive Rural Economy</p> <p>One NDP objective from Chapter 11: Social Protection</p>	<p>2016 IAR, Environmental Initiatives</p> <p>2016 IAR, CSR</p> <p>2016 IAR, Our People</p>
	<p>Six NDP objectives from Chapter 10: Health care for All</p>	2016 IAR, Our People
	<p>Thirteen NDP objectives from Chapter 9: Improving Education, Training and Innovation</p>	<p>2016 IAR, Our People</p> <p>2016 IAR, CSR</p> <p>Property Point http://www.propertypoint.org.za/Pages/Home.aspx</p>
	<p>Two NDP objectives from Chapter 11: Social Protection</p> <p>One NDP objective from Chapter 12: Building Safer Communities</p>	<p>2016 IAR, Our People</p> <p>2016 IAR, CSR</p>
	<p>Two NDP objectives from Chapter 4: Economic Infrastructure</p> <p>One NDP objective from Chapter 5: Environmental Sustainability and Resilience</p>	<p>2016 IAR</p> <p>2016 IAR, Environmental Initiatives</p>

Growthpoint's impact on the UN SDGs and the NDP continued

UN Sustainable Development Goals	Alignment with NDP	Growthpoint aligned activities
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Two NDP objectives from Chapter 4: Economic Infrastructure</p> <p>One NDP objective from Chapter 5: Environmental Sustainability and Resilience</p>	2016 IAR, Environmental Initiatives
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Seven NDP objectives from Chapter 3: Economy and Employment</p>	2016 IAR, Our People Property Point http://www.propertypoint.org.za/Pages/Home.aspx
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>One NDP objective from Chapter 4: Economic Infrastructure</p>	2016 IAR, Sectoral Review Property Point http://www.propertypoint.org.za/Pages/Home.aspx
 <p>10 REDUCED INEQUALITIES</p>	<p>One NDP objective from Chapter 3: Economy and Employment</p> <p>One NDP objective from Chapter 11: Social Protection</p> <p>One NDP objective from Chapter 15: Nation Building and Social Cohesion</p>	2016 IAR, Our People 2016 IAR, CSR
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>One NDP objective from Chapter 4: Economic Infrastructure</p> <p>Three NDP objectives from Chapter 5: Environmental Sustainability and Resilience</p> <p>Four NDP objectives from Chapter 8: Transforming Human Settlements</p>	2016 IAR, CSR Property Point http://www.propertypoint.org.za/Pages/Home.aspx 2016 IAR, Environmental Initiative
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Two NDP objectives from Chapter 5: Environmental Sustainability and Resilience</p>	2016 IAR, Environmental Initiatives 2016 IAR, Group Services ESG Info Report

Growthpoint's impact on the UN SDGs and the NDP continued

UN Sustainable Development Goals	Alignment with NDP	Growthpoint aligned activities
	Three NDP objectives from Chapter 5: Environmental Sustainability and Resilience	2016 IAR, Environmental Initiatives Commitment to COP 21 http://www.growthpoint.co.za/Pages/Cop.aspx
	One NDP objective from Chapter 5: Environmental Sustainability and Resilience	2016 IAR, Environmental Initiatives Two Oceans Aquarium http://www.aquarium.co.za/
	One NDP objective from Chapter 5: Environmental Sustainability and Resilience	2016 IAR, Environmental Initiatives
	Five NDP objectives from Chapter 13: Building a Capable and Developmental State One NDP objective from Chapter 14: Fighting Corruption	
	Two NDP objectives from Chapter 7: South Africa in the Region and the World	Member of NBI 2016 IAR
	One NDP objective from Chapter 4: Economic Infrastructure One NDP objective from Chapter 9: Improving Education, Training and Innovation Two NDP objectives from Chapter 11: Health Care for All Two NDP objectives from Chapter Social Protection	

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