

**GROWTHPOINT**  
PROPERTIES



**Environmental, social and governance report**

30 June 2018



# Growthpoint 2018

## Report scope and boundary

This report covers the period from 1 July 2017 to 30 June 2018 (FY18) for the financial reporting entity – Growthpoint Properties Limited. The report provides an overview of the operations and performance of all businesses, which encompass the South African businesses, including its share in the V&A Waterfront (V&A), Funds Management and Trading and Development, as well as its non-South African interests, which include its share in Growthpoint Properties Australia (GOZ), Globalworth Real Estate Investments (GWI) and Globalworth Poland Real Estate (GPRE).



## Our reporting suite

### GROUP ANNUAL FINANCIAL STATEMENTS (AFS)

The statutory AFS are prepared in accordance with International Financial Reporting Standards (IFRS), JSE Listings Requirements and the requirements of the Companies Act, No 71 of 2008, as amended.



### INTEGRATED ANNUAL REPORT (IAR)

The IAR incorporates an overview of our organisation and its key strategic matters, performance and governance.

The IAR should be read in conjunction with the AFS, which together provide a comprehensive overview of our organisation.



## Inside this report

### OVERVIEW

- 2 Environmental, social and governance report
- 2 How we performed in 2018
- 4 Vision, mission and values
- 5 Value added statement
- 6 CEO: RSA Q and A

### ENVIRONMENTAL

- 8 Environmental approach

### SOCIAL

- 16 Our people
- 22 Corporate Social Responsibility
- 28 Procurement and facilities management

### GOVERNANCE

- 30 Philosophy
- 31 Board committees
- 35 Policies

### GROWTHPOINT'S IMPACT

- 37 Growthpoint's impact on the SDGs and NDP
- 40 Contact details



@growthpoint.com



<http://www.linkedin.com/company/growthpointlimited>



<http://www.youtube.com/growthpointlimited>



This icon denotes cross-referencing and further reading between sections

#### ANNUAL GENERAL MEETING (AGM) NOTICE

The booklet containing the AGM notice also includes the summarised audited AFS for FY17, relevant extracts from the IAR supporting the notice and the report to shareholders by the Social, Ethics and Transformation Committee.



#### ESG REPORT

The booklet containing additional information relating to environmental, social and governance elements.



# Environmental, social and governance report

Growthpoint owns and manages a diversified portfolio of 454 properties in South Africa, 57 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. Growthpoint also owns 48 properties in Poland and Romania through its 29.0% stake in London Stock Exchange (AIM) – listed Globalworth Real Estate

Investments (GWI) and their 68.4% investment in Warsaw listed Globalworth Poland (GPPE), as well as Growthpoint's direct holding of 21.6% in GPPE. The Group's combined property assets are valued at R132.9 billion of which 27.7% by book value, are located offshore.

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 distributions to our shareholders for the past 15 years.

## How we performed in 2018

### ESG highlights

**6.5%**

distribution growth from FY17 to 208.6 cents per share

**10.1%**

increase in distributable income FY17 to R6.1bn

**2 556** cents

Group NAV per share



**R6.1**bn

Group LTV at

**35.2%**

from 35.0% at FY17

**9th year**

inclusion in FTSE/JSE Responsible Index

**R5.9**bn

average value of shares traded per month

**R133**bn

Group property assets

This report covers the period from 1 July 2017 to 30 June 2018 (FY18) for the financial reporting entity, Growthpoint Properties Limited. The report provides an overview of the operations and performance of all businesses, which encompass the South African businesses, including a share in the V&A Waterfront and Funds Management, as well as the non-South African interests, which include Growthpoint Properties Australia (GOZ) and a share in Globalworth Real Estate Investments (GWI).

Registered as a public company and listed on the JSE Limited since 1987,

Growthpoint has been proactive about disclosure, particularly in relation to environmental, social and governance (ESG) indicators. In our 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 with the Green Building Council of South Africa (GBCSA) is an example of our efforts to apply best practices 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 IV™\* Code of Corporate Governance. There has been an increase in the number of ESG-related indicators under review, particularly from the international stakeholders and research institutions. To enhance our disclosure, we publish an online document to address some of the commonly queried indicators and provide an additional platform for our shareholders and stakeholders to engage on ESG issues.

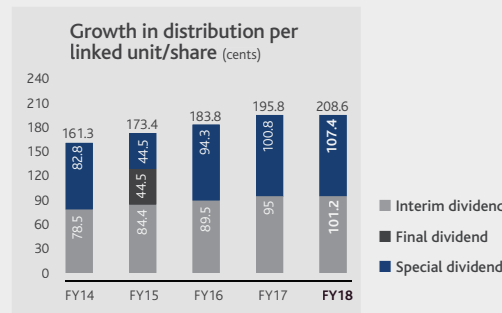
**3.7x**  
Group interest cover increased from 3.5x in FY17

**27.7%**  
of Group property assets located offshore and

**20.5%**  
of Group EBIT from offshore

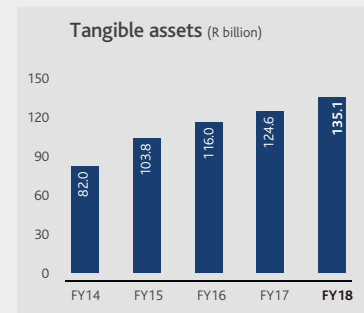
Market capitalisation  
**R79.3bn**

**7.0% CAGR**



Delivering sustainable growth  
Increase of 6.5% on FY17

**16.6% CAGR**



Growing a portfolio of quality assets and investments  
Increase of 8.4% on FY17

**Investment proposition:**

- Sustainable quality of earnings
- 15-year track record of uninterrupted dividend growth
- Underpinned by high-quality physical property assets
- Diversified across international geographies and sectors
- Dynamic and proven management track record
- Best practice corporate governance
- Transparent reporting
- Level 3 B-BBEE contributor

\* Copyright and trademarks are owned by the Institute of Directors in Southern Africa and all of its rights are reserved.

# Vision, mission and values

## Our vision

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

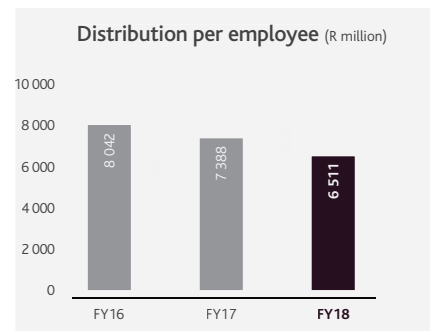
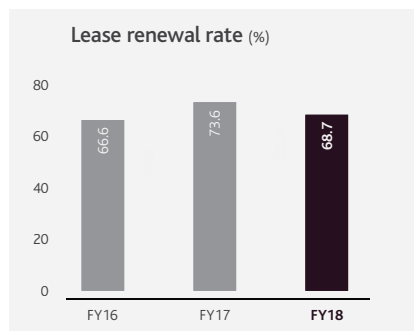
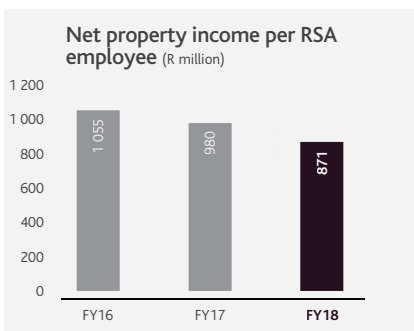
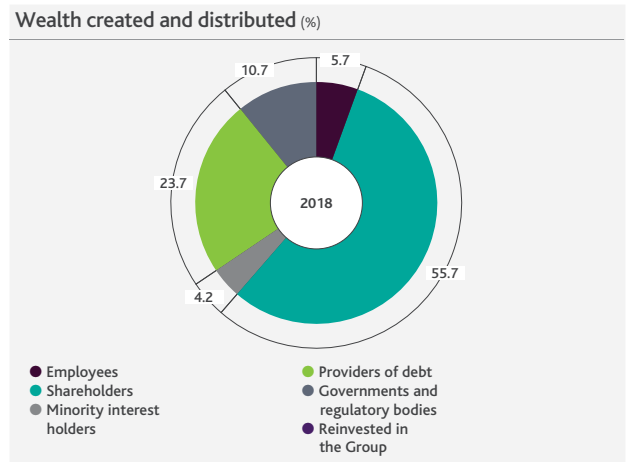
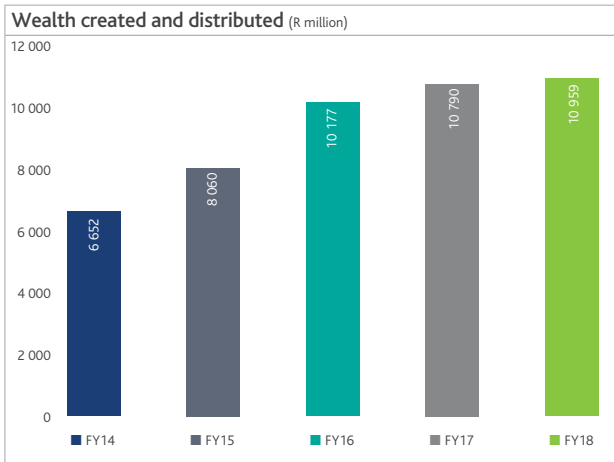
## Our mission

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



# Value added statement

	2018 Rm	FY17 Rm	FY16 Rm	FY15 Rm	FY14 Rm
<b>Revenue</b>	<b>11 817</b>	11 565	10 570	8 322	6 959
Property and other expenses	(1 426)	(1 340)	(1 170)	(990)	(853)
<b>Value added</b>	<b>10 391</b>	10 225	9 400	7 332	6 106
Finance and other investment income	568	565	777	728	546
<b>Wealth created</b>	<b>10 959</b>	10 790	10 177	8 060	6 652
Shareholders	6 108	5 548	5 033	4 232	3 497
Providers of debt	2 597	2 922	2 710	2 215	1 802
Government and regulatory bodies	1 176	1 016	941	747	602
Employees	623	669	625	463	418
Minority interest holders	455	471	450	329	293
Reinvested in the Group (GOZ)	–	164	418	74	40
<b>Wealth distribution</b>	<b>10 959</b>	10 790	10 177	8 060	6 652



# CEO: RSA Q&A

Shareholders and stakeholders are becoming more cognisant of the impact of ESG issues on business. In the past year we have seen the request for information on these issues double relative to the previous year. Investors are now factoring ESG into their investment models and asking us to account for our actions beyond the financial results.



**Estienne de Klerk**

CEO: RSA

## Q Why ESG?

Businesses would be short-sighted to ignore environmental, social or governance issues. To operate and sustain an organisation we need to make sure that all elements of business are considered. We address ESG issues relative to the way they affect or have the potential to affect our operations and our ability to continue as a viable entity.

## Q How does ESG fit with Growthpoint?

ESG considerations are a natural alignment for Growthpoint. Our business objectives and how we operate factor in ESG considerations throughout our organisation. Growthpoint's vision is "to be a leading international property company providing space to thrive". To attain our vision, we have three strategic initiatives:

- Optimising and streamlining the existing portfolio
- Introducing new revenue streams
- Internationalisation.

We strive for these in the context of our values, which are "Own it", "Be the best", "Break new ground", "Wow them" and "The power of us".

## Q What role do ESG issues play in the business strategy?

ESG issues are considered throughout the company and we have been deliberate in how we apply ourselves. There is ongoing evaluation of policies to ensure that we adhere to governance best practice. Increasing the number of buildings with green building certifications has been ongoing, enabling us to be the preferred provider of space to tenants. Ongoing collaboration in terms of utility cost reduction has been beneficial to both our tenants and Growthpoint, saving over R18m in FY18. Our investment in Property Point has provided more than 2 400 jobs over the past decade. Our actions, while good for the environment and society, have also had positive financial implications for those involved.

## Q How do ESG issues affect Growthpoint?

We have a clear strategy for creating value through sustainability that has been in place for several years now. (See page 8.)

We are fortunate to have effective teams looking at these issues. A combination of skill sets and knowledge enables collaboration, focus and implementation around a variety of indicators. This is done through specific projects such as our B-BBEE strategy or looking at water initiatives in the Western Cape.

## Q What is the financial impact of ESG on Growthpoint?

To remain relevant, we continue to invest in various ESG initiatives. We have invested R167m into solar plants to date, R36m into water initiatives, R3.7m into green building certification in FY18, R20.0m into Property Point, R15.8m into a new procure to pay system and R28.1m into CSI initiatives. Importantly, these are only the main investments from Growthpoint.



# CEO: RSA Q&A continued

We have seen the benefit in being able to provide more utility efficient space to tenants and thereby securing rentals. We were also able to use our initiatives to develop our Green Bond, raising R1.1bn from investors.

## Q Is there pressure from stakeholders to address ESG concerns?

Shareholders and stakeholders are becoming more cognisant of the impact of ESG issues on business. In the past year we have seen the request for information on these issues double relative to the previous year. Investors are now factoring ESG into their investment models and asking us to account for our actions beyond the financial results.

There has been extensive engagement on our Remuneration Policy and this is evident in the changes made which can be reviewed in our remuneration report in our 2018 IAR, page 134. We have also had extensive engagement with stakeholders on our B-BBEE Policy which has led us to disclose our strategy. Our Human Resource Department has looked at skills development and staff retention to ensure that we have the best possible skills within our business.

## Q What are the landmark achievements for Growthpoint regarding ESG?

We have a long history of trying to improve our buildings' efficiencies. This stood us in good stead when we became the first corporate to list a Green Bond on the JSE, based on our green building efforts. In total R1.1bn was raised, showing that investors have confidence in Growthpoint and that there is an appetite for green capital raising.

We have spent more than R163m on solar plant installations that have produced 11.9GWh of power in FY18 alone, and reduced carbon emissions by 11 346 tonnes. In addressing the water crisis in the Western Cape, we have invested R34m in water-saving initiatives in the year under review.

Our social efforts have been declared in our B-BBEE strategy available on our website, and we have managed to attain a B-BBEE level 3 rating. In the context of the changes made to the code, we consider this a commendable feat. Property Point celebrates 10 years of existence and with a contribution of 2 405 jobs and R1bn to the economy over that period, we are proud of the efforts made by all involved.

We continue to be acknowledged for our efforts by our inclusion in the FTSE4Good Index and the FTSE/JSE SRI. This year we became members as well as participants of the Global Real Estate Sustainability Benchmark. The DJSI

continues to include Growthpoint as a constituent of its sustainability index and we have participated in the Carbon Disclosure Project for nine years.

Our levels of disclosure have continued to be acknowledged by the Investment Analyst Society of South Africa, with Growthpoint being the recipient of numerous awards from the society in recent years, the most recent being for Best Presentation in 2017. In addition, we have received awards from the South African Property Owners Association for Innovation for our Thrive Portfolio.

## Q What can be expected from Growthpoint going forward in terms of ESG activity?

We have committed to establish science-based targets (SBTs) for the business. We have recently submitted our model to the Science-Based Institution and await a response. This demonstrates our firm commitment to carbon reduction. The pending carbon tax is legislation we continue to monitor. In its current form this tax will have minimal impact on Growthpoint as we fall into the "other" category. However, if there are no changes, we could be affected by this by 2020.

Attaining additional green certification or recertification of our buildings remains on the agenda, as does the continual investigation of renewable energy sources such as solar. We will continue to explore areas which could result in mutual benefit for Growthpoint and the economy, as well as the society and environment in which we operate.

## Participant of:



# Environmental approach

Responsible environmental conduct is important to Growthpoint and we go beyond our legal and regulatory requirements. The Board, management and staff of Growthpoint work towards reducing the company's environmental impact and constantly improve our environmental performance as an integral part of our business strategy.

Keeping abreast of environmental developments is essential to Growthpoint. We continuously monitor and evaluate our environmental approach and activities, taking into consideration the internal and external risks and changes to our business. Our Environmental Policy focuses on several key areas, namely climate change, carbon emissions, biodiversity and the nexus consisting of energy, water and waste. Reducing our consumption of these and other resources remains a priority as we acknowledge this is fundamental to ensuring the longevity of natural resources. We do this through effective environmental management programmes, stakeholder engagement and education.

We engage with stakeholder groups such as employees, tenants and suppliers in an effort to improve the proposed solutions for environmental challenges within our business. This is a multifaceted approach which continues to evolve as various environmental issues become priorities in the context of our organisation. The problems that we solve are replicated across the business sectors through tailored projects, and the outcomes of these projects are measured, evaluated and reported on.

We work towards implementing various national and international best practices to the extent that they are applicable to our business. Growthpoint engages on various platforms, both locally and internationally, with regard to our environmental approach and initiatives. As the largest SA REIT, we are representatives of the property sector and promote responsible business. Our leadership has been recognised by industry associations like the South African Property Owners Association (SAPOA), which has acknowledged our impact through various industry awards.

As we become more involved in the development of property, we have refined and improved our development matrix, which provides a list of indicators to be considered when undertaking a development. This ensures compliance with national building regulations that address a variety of environmental and social considerations. We engage partners to ensure that we implement all requirements stipulated by the legislation. These efforts are increasingly made in line with the Green Building Certification process requirements as stipulated by the Green Building Council

of South Africa (GBCSA). The aim is to make the buildings functionally and financially more resilient while making a positive impact on climate change.

At Growthpoint there is constant awareness and a high level of proactivity in terms of environmental concerns. We continuously try to improve our business operations and our offering to our tenants in relation to the natural environment and our use of natural resources.

Our sustainability programme ensures that environmental considerations are incorporated into operational practices and there has been much effort applied to conduct better business. As a prominent owner and manager of properties in South Africa, we are pioneers in our efforts to provide leadership for greener property developments. This approach is in line with our clients' needs and ensures the long-term sustainability of our business. This is in line with our mission, values and strategy.

We were awarded for our efforts in this regard by being the first corporate in RSA to issue a green bond on the JSE to the value of R1.1bn.

# Environmental approach continued



Value creation through sustainability



Utilities management



Consumption efficiency






Renewable (energy mix)



Sustainable development



Strategic

<p>Managing utility costs from a municipal point of view to ensure our tenants are not exposed to higher than expected energy costs. This is done through Smart meter installation and data validation.</p>	<p>Metrics are in place that identify poor performing buildings related to energy consumption.</p>	<p>As part of our ongoing solar strategy, buildings with high energy use as well as high electricity tariffs were identified and selected for solar installations. We continue to drive alternative energy sources as part of a balanced energy mix.</p>	<p>Develop green buildings using international sustainable best practices. This is done to ensure an optimal environment for the occupants while ensuring the building operates efficiently, sustainably and with minimal impact on the environment.</p>	<p>The identification of innovative solutions to current climate challenges. The solutions are sought via the Greenovate student competition or via partnering with tech firms to develop new products.</p>
				

## Focus areas in each sector

Each sector in our South Africa business (retail, industrial and office) has a different degree of focus on environmental sustainability.

OFFICE	RETAIL	INDUSTRIAL
ISO 50001	Smart meters	Symbiosis programme
Solar	Solar	Solar
GBCSA Green Star SA certification	Utility optimisation	Power factory corrections
Water reduction	Smart data collection and representation	Renewable energy mix
Energy reduction	Energy reduction	Energy reduction
Waste management and reduction	Waste management and reduction	Waste management and reduction
Green addendum	Green addendum	
Smart utility meter installations	Smart utility meter installations	Smart utility meter installations
GreenX 5.0 campaign	Electric vehicle charging stations	
Greenovate awards	Greenovate awards	Greenovate awards

By applying our sustainable strategic framework, we can identify suitable interventions. These projects flow into a governance framework and our six-step sustainable change process. This framework ensures that suitable solutions which are ready to be rolled out and have a strong business case aligned to the quality standards of GBCSA (where applicable), are implemented in Growthpoint's portfolio. This allows for the performance of each intervention to be tracked after it has been implemented.

# Environmental approach continued



## Priorities and targets

Environmental priorities for Growthpoint have become clearer in the context of South Africa's environmental challenges. Energy and water conservation have an effect on every business and should be a priority for all. Better waste management practices and initiatives to reduce carbon emissions are increasing, particularly considering the pending carbon tax as well as efforts to keep climate change below 2°C. We strive to reduce waste at source and so preserve biodiversity in the areas in which we operate.

We have given the issue of targets much consideration over the past couple of years. This has been a challenge, but we are pleased to announce we have now submitted our science-based targets for carbon emissions to the science-based targets initiative for review. Increasing the number of our buildings with GBCSA Green Star ratings and investing in solar power remains a priority for us. We are pleased to have been the first corporate with more than 100 Green Star certifications. We have 86 buildings with a GLA of 967 668m<sup>2</sup> that have been certified.

Efforts continue to elevate our data integrity and to improve the monitoring and collection of data. Employees, tenants, supply chain and other stakeholders have shown an ever increasing awareness and consideration of environmental impact and we engage in a variety of partnerships that are committed to exploring initiatives of benefit to our business and community.

## Energy

Growthpoint constantly works to reduce its energy footprint. This is done through the implementation of more efficient equipment, smarter controls and best practices. We also use tools that have a positive impact on behaviour such as the green addendum, which allows us to engage and implement energy-efficiency initiatives in our tenanted spaces for a net reduction on our clients' utility spend.

Energy used	2018	2017	2016	2015
GLA assessed (m <sup>2</sup> )	4 592 583	4 771 572	4 844 719	4 180 333
Number of buildings	373	386	390	363
Energy from fuels (MWh)	129	129	207	515
Purchased electricity for Growthpoint occupied space (MWh)	2 903	1 951	2 037	2 119
Purchased electricity for tenant occupied space (MWh)	684 211	791 213	822 362	627 262
<b>Total energy (MWh)</b>	<b>687 243</b>	<b>793 293</b>	<b>824 606</b>	<b>629 896</b>

We want all our office buildings to use less than our internally set benchmark of 200kWh/m<sup>2</sup>/pa by 2020. This target was based on best practice at the time it was set. All new office developments should achieve a minimum 4-star Green Star SA rating. As part of our commitment to reduce carbon emissions, Growthpoint made a commitment in line with COP 21 to have all its long-hold commercial buildings maintain a minimum of a 4-star or better Green Star SA rating by 2020.

# Environmental approach continued

Our investments in renewable energy are evidence of our commitment to optimising our operations and reducing our carbon footprint. We continuously seek to enhance the energy mix for our buildings, and renewable energy is key to this. We have invested R167m in solar energy installations and produce just under 11.9GWh annually. More solar installations were approved during the year and will be completed in FY19. They will produce a further 16GWh per annum.

	FY18	FY17	FY16
Energy produced by solar (MWh)	11 944	7 037	2 559
Emissions saved (tCO <sub>2</sub> e)	11 346	7 037	2 559
Annual saving (R)	13 806 735*	8 029 105	1 928 607

\* Growthpoint's interest accounts for 81.7%.

We have found that the quality of municipal electricity is having an impact on the durability of some of our equipment, needing unscheduled replacement and incurring unbudgeted costs. The uncertainty of legislation around the size of solar plants and the registration process has hampered investment into solar. There has been subsequent clarity on these issues and we are now implementing our first plants in line with the refined guidelines and are hopeful that this will fast track installations going forward. The possibility of feeding renewable energy into the grid remains a challenge and we still await clarity on how the process will work from province to province.

## Water

The water crisis in the Western Cape has highlighted the need for water reduction efforts to be a priority for business. The threat of "day zero" (the possibility of zero water in the region) helped bring attention to the water challenge in the region. As water is the most basic natural resource and because South Africa is classified as a semi-arid country, taking steps to ensure community and business continuity of supply is important.

A target had previously been set for our office buildings to use 0.88kl/m<sup>2</sup>/pa by 2020. We are glad to report that our office buildings are performing below this at 0.83kl/m<sup>2</sup> (average). We are now looking at our retail and industrial sectors and proposing targets for these sectors. The risk review conducted in FY17 has given us a better overall picture of our impact.

Currently, the water used in Growthpoint's buildings comes primarily from the municipal supply. We have increased the number of applications for licences for boreholes in the past year.

We benchmark our office buildings with an energy and water performance tool (EWP) developed by GBCSA and co-sponsored by Growthpoint and Eskom, using a system developed by one of our utility management companies. Our immediate focus included extensive property audits, fixing leaks and installing water meters and in FY18:

- R2.16m was spent on installing water meters
- We invested R36m in water initiatives with an additional R18m planned investment in:
  - > further Smart metering installations
  - > water filtration plants
  - > backup water tanks
  - > tanker filler points to distribute water to our sites
  - > digitising data collection and analysis.

Some of the challenges we had with regards to managing water consumption is the access to reliable data through Smart metering, as not all buildings had bulk Smart check meters limiting our ability to benchmark performance. Leaks are notorious to resolve, and we have focused on early leak identification and streamlining of communication to have leaks resolved. The controlling irrigation times and duration for landscaping has proven to be a challenge.

Growthpoint successfully took The District in Woodstock, Cape Town, completely off the municipal water grid to become our first "water net-positive" building. This is a multi-tenant office building with 18 721m<sup>2</sup> of lettable area that accommodates 25 businesses. It is used by around 1 750 people daily who consume about 45 000 litres of water a day. Growthpoint has replaced the municipal water supply for the building with a safe and sustainable alternative source by filtering water from a natural mountain spring that flows to the building's basement. This was no simple feat. We had to identify and adapt an existing technology that had never been used for this type of water filtration before. Our team worked with the City of Cape Town to get special legislation passed to allow us to produce potable water on a large scale. In addition, we had to get buy-in from the building's tenants. This innovation takes pressure off the city's potable water reserves, adds to the resilience of the water system and contributes positively to the environment. This is the first of several commercial properties in Cape Town that we intend to take off the grid.

## Waste

We have set a waste target of zero waste to landfill by 2022 for our entire portfolio. Our waste strategy focuses on extracting resources from waste to generate energy and other valuable by-products such as fertiliser. We are working to ensure that our recycling bottomline shows a continuous improvement in the diversion from landfill of the organic waste generated through business operations. We aim to increase the reuse of waste material and reduce general waste in our Growthpoint portfolio. Our plan is to divert 100% of our organic waste and ensure that all dry waste is separated and recycled at source.

# Environmental approach continued

In FY18 a total of 16 811 tonnes of waste was recorded for 171 of our buildings (ie 41.7% of our buildings with a GLA of 2 270 538m<sup>2</sup>), of which 35% currently goes to landfill. We piloted the G-Eco project which converts organic waste to compost. In the past year we have sourced waste service providers for all Growthpoint properties and concluded service level agreements for the sorting of waste and recycling.

We are taking action in response to the upcoming provincial legislation in the Western Cape requiring a business to divert 50% of its organic waste to landfill by 2022. Plans are in place to ensure that we surpass this target.

An ongoing challenge is data collection and management from our various sites. We are currently undertaking a project to review all waste service providers. This will be done during FY19 as we look to consolidate and standardise waste collection data mechanisms. This will in turn inform the implementation of our strategy.

## Carbon emissions

Carbon emission reduction is at the centre of our sustainability strategy. We undertake a carbon footprint assessment annually for buildings that we own and manage. This is externally verified by a third party, in accordance with the international standard ISO 14064-3 (2006) specification with guidance for

the validation and verification of greenhouse gas assertions. For all buildings reviewed, electricity was purchased from Eskom or local municipalities, or solar power was provided from one of our solar plants.

As a responsible corporate we are continuously looking at ways to reduce our carbon footprint in line with national and international carbon reduction objectives. We revised our carbon reduction targets in 2015 to achieve a 5% reduction in our intensity per square metre of 0.16tCO<sub>2</sub>e over the next five years. This relates to our Scope 1 and 2 emissions. In FY17, we committed to setting science-based targets (SBTs). We have submitted our methodology for consideration by the Science-Based Target Institute based on our 2017 carbon emissions.

Growthpoint falls in the "other" category for carbon tax, which has a limited tax implication for the business. The impact on our tenants could, however, be significant as they are directly responsible for their own emissions from their energy use. To help mitigate against this exposure, we are introducing more energy-efficient systems across our portfolios. We have invested in renewable solar power at some properties that primarily benefits tenants, while the green addendum to our leases helps to change tenant behaviour for our mutual benefit.

## Biodiversity

Growthpoint operates primarily in urban areas, limiting our impact on biodiversity. The main area of our business that could influence biodiversity is property development. For all developments we undertake, there is rigorous engagement with local councils and we adhere to all necessary legislative and regulatory requirements. Environmental impact assessments consider biodiversity when a project is reviewed, and Growthpoint undertakes to ensure that all environmental legislation is adhered to in line with national building regulations.

We engage extensively with local authorities to ensure that all social concerns are addressed. We have developed a xeriscaping guideline which entails the installing/planting of naturally occurring plants within our gardens. This ensures that we limit the need for artificial watering as the selected plants use naturally occurring water for sustenance.

## Projects

### Green addendum

This is a partnership programme with tenants where any financial savings from the decreased usage of energy and water interventions will benefit both the tenant and Growthpoint. The agreement helps to achieve certain environmentally sustainable development objectives. This goes beyond ensuring our buildings are green certified. In total, 608 tenants have signed on to participate in the green addendum, covering 355 308m<sup>2</sup> of GLA. Since inception in 2014 there has been a collective saving in excess of R60 million for both Growthpoint and the signatories of the addendum. R19.4 million of this was in the year under review.

### Building certification

Growthpoint has over 80 buildings with green star certifications, with over 100 certifications excluding the Victoria and Alfred Waterfront. A large portion of these buildings are 4-star rated existing office buildings and account for 17.6% of total GLA for the office portfolio. We have spent in excess of R3.7 million in attaining these certifications. Our

## Carbon emissions

	FY18*	FY17*	FY16*	FY15*
Total Scope 1 and 2 (tCO <sub>2</sub> e)	1 595	1 947	2 130	2 209
Scope 1 and 2 GLA (m <sup>2</sup> )	14 868	13 823	13 328	12 378
Intensity GLA (tCO <sub>2</sub> e/m <sup>2</sup> )	0.11	0.14	0.16	0.13
Intensity revenue (tCO <sub>2</sub> e/Rm)	0.19	0.24	0.27	0.26
Intensity per full-time employee (FTE)	2.61	3.09	3.24	2.73
GLA under review m <sup>2</sup>	4 592 583	4 771 572	4 844 719	4 180 333
Number of buildings reviewed	373	386	390	363
Total Scope 1, 2 and 3 (tCO <sub>2</sub> e)	693 412	785 532	834 496	644 351

\* Independently verified.

# Environmental approach continued

industrial sector is participating in a pilot programme to develop an industrial rating tool for the GBCSA. Green Star certifications for retail are under review with market performance being a major consideration when investing in these certifications. We are, however, actively working on making our shopping centres more efficient.

In the FY19 we are looking to re-certify buildings up for renewal. All new developments must achieve a Design and As-Built GBCSA rating of 4-star or better.

### Greenovate Awards

The intention behind this programme is to expose students to key focus areas concerning sustainability within the built environment sector and to introduce industry to the new talent and innovation available. Participants are challenged to recognise innovative solutions to current and future environmental challenges in the property industry. Students in property studies, construction or quantity surveying were the initial target group.

Private business assisted us in sponsorship with this event. A total of R120 000 in prize money is available.

This initiative is run in association with the GBCSA. The competition is currently in its fourth year and the Greenovate programme, now includes engineering students. In excess of 19 students registered to participate in the 2017 programme with more expected to take place this year. The two groups will not compete against each other and there will be prizes for first, second and third places in both categories. The number of institutions participating has increased to eight. The University of Cape Town team were the winners of the 2017

Greenovate Awards for both property studies and engineering streams.

### Lighting project

Lighting remains one of the most significant energy users across all three sectors (industrial, retail and commercial). Lighting technology is advancing at an unprecedented rate, allowing for substantial energy savings to be realised. We continue to identify buildings with ageing lighting infrastructure, replacing the old systems with alternatives that are more efficient, more reliable and emit better quality light.

An amount of R900 000 was spent on installing basement lighting in FY18 with an additional R1.9 million currently being installed. The potential savings of these projects are 655 367kWh and 1 383 554 kWh respectively.

### Ebikes pilot project

This initiative is about catalysing a carbon-free mode of transport within the greater Sandton node. Together with our partners we have worked to provide an ebike solution to staff and the broader public in Sandton. The ebike hub consists of charging stations, ebikes managed by a hub manager on site. GreenCycle manages the movement of bikes and issues bike helmets accompanied by cycle locks to users of the system. The hub focuses on providing transport to the buildings' employees – with the primary use being to and from the Gautrain, for lunch breaks or general errands in and around Sandton. Growthpoint has invested R340 000 in this initiative in the past year. The Growthpoint ebikes are supplied by GreenCycle. Additional information can be found on the following website <http://www.greencycle.co.za/>.

### Electric vehicle charging station

In order to expand the national charging footprint for electronic vehicles (EV) and plug-in electric hybrid vehicles (PHEV), Growthpoint has partnered with BMW Group South African and Nissan South Africa.

All new commercial developments will have demarcated EV charging bays. This is done to both encourage EV use within our client base. Installations on existing buildings is done on an *ad hoc* basis and to date, we have installed two full EV charging nodes in Constantia Village Mall in the Western Cape and Brooklyn Mall in Gauteng.

### GreenX5.0 campaign

In our efforts to ensure that all commercial buildings have a minimum of a 5.0 GBCSA EWP rating, the GreenX5.0 campaign was developed. Currently, more than 89% of our office buildings are above the energy benchmark of the EWP performance tool, with more than 70% of our office portfolio above EWP benchmark for water.

### External and internal stakeholder groups' engagement

Growthpoint has a longstanding history of engaging in strategic partnerships for mutual benefit. We are a member of the South African Property Owners Association (SAPOA), where we play a key role on forums such as the sustainability committee. This committee has focused on areas ranging from tariff increases to services provision laws, as well as the new legislation regarding solar photovoltaic (PV) installations.

We participate in initiatives led by the Department of Energy, especially providing input in the Energy Performance Certification Programme and establishing energy reduction targets by the commercial property industry. As a member of the SA REIT Association, we engage with our peers in the REIT sector by campaigning for issues relevant to the industry. Growthpoint is a founding member of the GBCSA and we continue to work with it on sustainability initiatives.

	FY18	FY17
Total number of bikes used	3 283	2 538
Distance covered	3 611.44	2 791.88

# Environmental approach continued

We have ongoing engagement with local municipalities that represent numerous stakeholders and community interests. As a member of the National Business Initiative (NBI), Growthpoint believes in the objective of working towards sustainable growth and development in South Africa and the shaping of a sustainable future through responsible business action. The NBI's strategy is addressing issues of economic transition and social transformation through thought leadership, capacity building and collective action programmes and projects. Growthpoint participates in many initiatives run by the NBI, including the CEO initiative for which the NBI is the secretariat.

## G-Eco

The G-Eco project, which converts organic waste to compost, has been successful and in FY18 11.2 tonnes of compost was generated. This has attracted additional investment into this project which is planned for the first half of the 2019 financial year. We are exploring the option of a three to five-year renewal contract with the current service provider.

During the pilot which lasted six months, the data below was collected:



## Financial impact of environmental events

Growthpoint tracks data and the cost of various incidents occurring as a result of changing weather conditions. The financial implications are primarily seen in our insurance claims made, but increasingly we are identifying preventative initiatives such as investing in solutions to deal with the Western Cape's drought-related concerns.

We remain cognisant of the possible risks and opportunities that present themselves in relation to climate change and related issues. These are relayed to the Risk Management Committee as and when deemed necessary.

Below is an account of the cost of weather-related damage to our properties. Those relating to FY18 could be restated if there is a case that has not been concluded at the time of reporting. Costs are allocated to the year in which the event took place.

### Cost of environmental events

	Earthquake/ sinkhole	Rain/ flood	Hail	Wind	Lightning	Total
FY18	23 228	3 693 505	2 014 666	16 136 867	158 045	22 026 311
FY17		4 152 841	371 372	4 277	166 172	4 694 662
FY16		3 185 897	233 761	32 834 386	82 300	36 336 344
FY15	414 821	–	856 731	69 750	–	1 341 302
<b>Total</b>	<b>438 049</b>	<b>11 032 243</b>	<b>3 476 530</b>	<b>49 045 280</b>	<b>406 517</b>	<b>64 398 619</b>



# Environmental approach continued

In the past year, we invested more than R34m in the Western Cape to mitigate the impact of the drought caused by climate change.

## MAJOR PROJECTS AND ACHIEVEMENTS FOR THE YEAR UNDER REVIEW

- Reducing the Western Cape commercial portfolio's water consumption by more than 50%
- Achieving the first substantial "net-positive" water building in South Africa
- Concluding the G-Eco pilot and proving that it is financially viable to develop a medium-scale wet waste treatment facility
- Implementing a waste reporting portal
- Installing Smart water meters in 73 commercial buildings
- Becoming the first company in RSA to reach 100 Green Star certifications

## MAJOR PROJECTS PLANNED FOR FY19

- Continued energy and water-use reduction through strategic interventions
- Implementing a portfolio-wide energy management system (ISO 50001)
- Installing Smart bulk check meters on buildings in all sectors that do not yet have them
- Recertifying our pilot and phase 1 existing buildings' performance
- Certifying the first industrial existing building performance project in RSA via the new existing building performance industrial rating tool which we are piloting in collaboration with industry partners
- Reducing common area energy consumption in some of our more energy-intensive buildings.

# Our people

Our HR service strives to create a positive life experience for each of our employees and to make Growthpoint an employer of choice, while protecting the interests of the organisation and ensuring it meets the set objectives.

We do this while complying with various labour laws, including the Basic Conditions of Employment Act, the

Labour Relations Act, the Employment Equity Act, the Skills Development Act and others. We ensure that our work environment and conditions are attractive and conducive to optimising employee potential. Ensuring that potential employees are aligned to our culture and values is key to this success.

During the year we achieved progress in most of our areas of responsibility including:

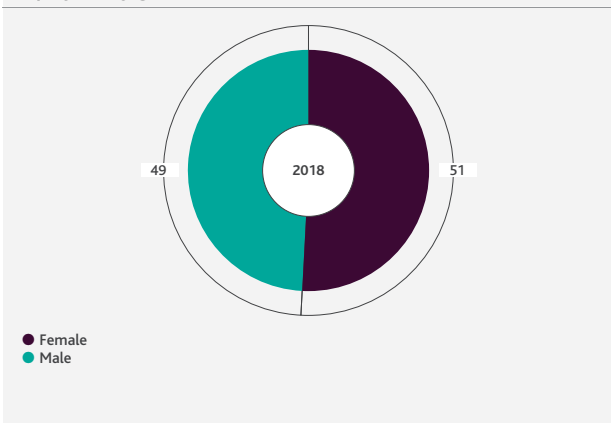
- talent attraction and recruitment
- providing industrial relations advice
- employee relations management
- remuneration
- helping our leaders to manage talent
- policy design
- progress on job grading
- managing organisational change.

## Courses attended

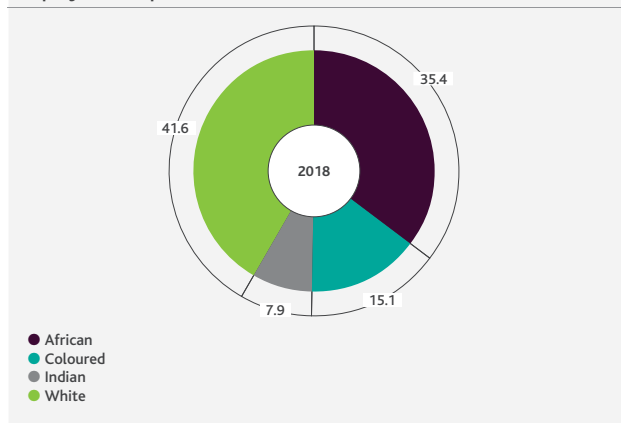
Adult basic education and training
Handyman training
Health and safety
Learnerships
Professional accreditation (EAAB)
Academic qualifications
Management development programme
Coaching and mentoring
Property courses
Computer skills
Business professional courses
Soft skills
Informal sessions
<b>Total</b>

Number of participants FY18	Number of participants FY17	Number of participants FY16
8	8	14
16	11	17
38	110	127
31	20	14
49	84	59
24	12	16
2	3	4
1	3	2
11	48	15
250	42	29
35	82	79
43	122	57
498	734	294
<b>1 006</b>	<b>1 277</b>	<b>727</b>

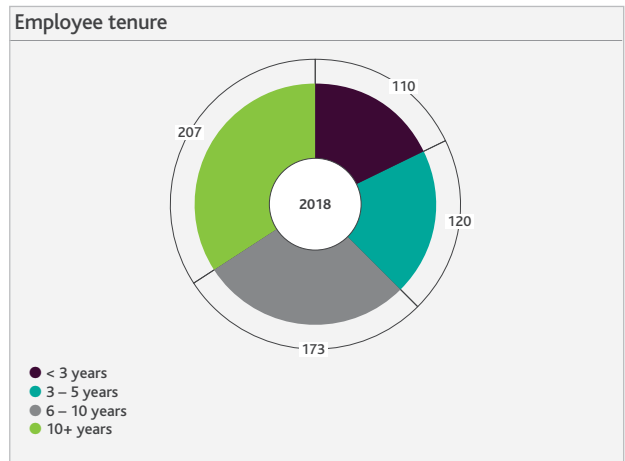
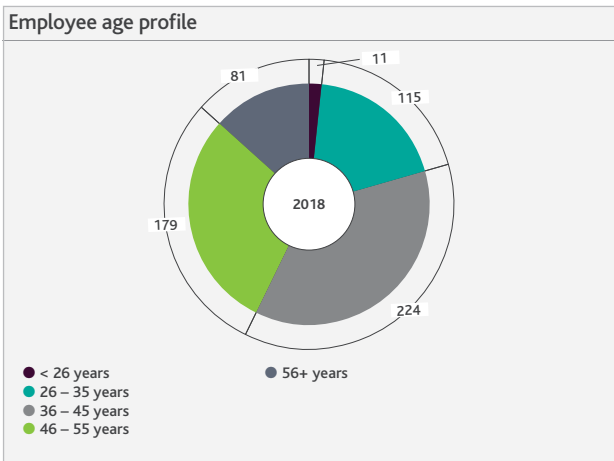
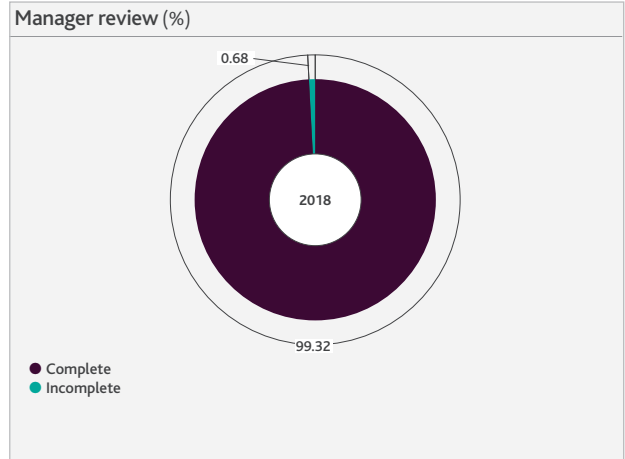
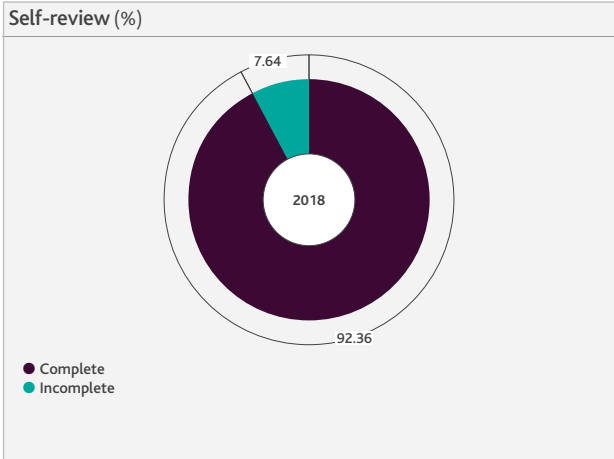
Employees by gender (%)



Employee race profile (%)



# Our people continued



# Our people continued

## Highlights

With many internal changes, we prioritised the areas and actions likely to have the most impact on our people, our business and the value we create for our stakeholders, and focused on these first. They were talent management, transformation and succession management.

### Talent management

At Growthpoint, our people enjoy what they do and care about those they work with, and we want to build on that positive work experience. We aim to ensure that our leaders prioritise people leadership over management, and to achieve a positive work experience for our employees.


HR drives the high-performance culture of our RSA operations by promoting employee relations and collaborative family-like values while offering competitive rewards.

Following the organisational restructure which resulted in several executive level changes in FY18, we responded by focusing on leadership development, specifically in the areas of mentorship and coaching to foster leadership skills.

We want to ensure that best practices are in place for employee motivation and reward, which are key factors in retaining talent. Job grading will be a key driver for the organisation's human resource decisions and we are putting effort into the process to ensure that our employees are compensated competitively and enjoy a dignified wage.

The average age of our people is 44 years, and we have identified opportunities to introduce young talent, such as our graduate programme which absorbed all nine 2017 graduates, in line with our goal that all our departments should be inclusive and generationally diverse.

### Transformation

To emphasise our commitment to transformation, we published our transformation strategy (ITS) this year. This document is available on our website <https://growthpoint.co.za/BBBEEReports/GrowthpointTransformationStrategy.pdf> and details our transformation commitments. It puts numbers to our targets and timeframes to our key focus areas to managing transformation. 

Our management of transformation internally is based on employment equity legislation and to this end the company finalised its employment equity plan, effective 2018 to December 2020. The main objectives of this plan are achieving the set numerical goals and removing barriers to transformation. Our numerical goals require focus at the executive and senior management levels and we will enhance our succession and employee development initiatives to achieve this goal while continuing communication to our employee stakeholders.

### Succession management

To remain effective, Growthpoint must be able to adapt to new organisational challenges and objectives. In an increasingly tough economy and facing stiff competition for talent and scarce resources, succession planning and management thereof is a tool that can give the company an edge. It enables Growthpoint to remain a market leader in the property space while ensuring business continuity and good shareholder returns.

Effective succession management addresses the need for recruitment, development and ongoing support for all identified incumbents. It ensures that the identified successors have adequate time to prepare for senior roles, and that training and development support is linked to clearly defined leadership standards and competencies.

Growthpoint's succession plan is linked to the company's vision, objectives and strategy to ensure positive and co-ordinated flows of leadership involving numerous people over a long-term period.

# Our people continued

## Employee value proposition (EVP)

Our employee value proposition is based on total rewards and development opportunities which include some of the following:

- Retirement benefits
- Medical aid
- Gap cover, to ensure employees are not out of pocket should their medical costs not be fully covered by their medical aid
- Group risk cover
- Accidental death cover
- Personal development opportunities
- Educational assistance for qualifying employees' children
- Work/life balance, which is crucial and supported by our flexible work hours and conditions of work
- Employee wellness.

## Labour and employment practices

We have policies and processes in place to ensure that we offer equal or more favourable employment conditions than required of us. Growthpoint is not a unionised environment but places no restrictions on employees' freedom of association.

## Policies and procedures

This year we started a journey of discovery, aligned with the restructure, which will form the base of our new policies. We are creating policies to ensure a standard approach for our employees regarding:

- transformation management
- succession management
- rewards and recognition
- job grading
- the inability to work because of disability or illness.

## Employee engagement

We engage our employees on different issues, with information flowing from RSA Exco to Manco and departmental

meetings. The HR team members attend departmental meetings to disseminate information and answer questions.

Our staff engagement is not formally managed, but we will soon implement staff surveys. We have been recognised for our employee engagement with an African Employee Engagement Award, specifically in relation to Growthpoint Gives (G-squared), a charitable project driven by staff volunteerism and run as part of Growthpoint's corporate social responsibility.

## Training and leadership development

Learning and development allow our employees to thrive. In FY18 our development approach comprised:

- training and development programmes
- bursaries
- on-the-job learning
- management development
- coaching and mentoring – specifically focused on leadership skills
- change management.

## Health and safety

We have a Risk and Compliance Officer who ensures that we prioritise health and safety. Our health and safety representatives are given additional training annually to increase their skills.

## HIV/Aids focus

Growthpoint does not discriminate based on HIV/Aids status, nor do we test employees. We respect the confidentiality of every employee and the conditions of affected and infected employees are managed and supported through our extensive employee wellness programme. As per information provided by our largest medical aid, the HIV prevalence rate within our organisation is between 3% and 6%.

## Human rights

Growthpoint is committed to upholding human rights, including freedom from discrimination of any kind. In line with the 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 do not prohibit employees from freedom of association. We stand against child labour and forced labour and all our employees are aged 18 years or above.

## Grievance procedure

Employees with grievances can raise their concerns directly with HR who will advise them how to best address the matter.

Labour and human rights issues can be addressed through our whistle-blowing hotline, and we encourage employees to raise concerns about workplace malpractices without fear of victimisation or reprisal.

Growthpoint has a whistle-blowing policy that allows one to raise concerns about malpractice without fear of victimisation or reprisal.

(If you suspect underhanded deals, theft, sexism, racism or ageism, report it!)

Any whistle-blower will remain anonymous! 0800 167 463



# Our people continued

## Industrial relations

Good industrial relations improve the morale of employees. Employees work with passion when they feel that the interests of employer and employees are aligned and this increases productivity. In the past year, we have strengthened our focus on industrial relations and performance management which has resulted in an increase in the number of cases we dealt with. In FY18 the company had a total of 40 industrial relations matters relating to misconduct and performance management.

## Employee Assistance Programme (EAP)

This voluntary, confidential programme helps all our employees and management work through various life challenges that may adversely affect their job performance, health and personal wellbeing. This helps our employees and optimises our success, and we are proud to offer it.

The services offered to employees with personal and/or work-related concerns through our EAP include assessments, counselling, and referrals for added services. Their concerns could include a wide range of issues such as stress, financial issues, legal issues, family problems, office conflicts, or alcohol and substance abuse problems.


Our programme often works with management and supervisors to provide advance planning for situations such as organisational changes, legal contingencies, emergency planning and response to unique traumatic events.

## Growthpoint GEMS

GEMS provides financial support to the children of our lower income earning staff to open the doors to quality education. This year the programme moved beyond academic and leadership support to also address common socioeconomic issues. As part of its new psychosocial support element, it considers emotional intelligence and wellbeing, and gives learners access to Growthpoint's EAP.

Growthpoint invested R0.9m in the GEMS programme and supported 52 students nationally since its start in 2016. More detail is available in the corporate social responsibility report on page 23. 

## Staff volunteerism

G-Squared is how Growthpoint supports its staff who wish to make a positive change in their communities. Every staff member is allocated eight hours a year to take part in volunteer initiatives. More detail is available in the corporate social responsibility report on page 25. 

### Future focus

Our HR journey is undertaken in tandem with Growthpoint's business journey and its strategies. For FY19 this again includes our focus on:

#### *Creating a world-class HR service and work environment*

Engaging with people – our greatest assets – and how they experience our HR is very important to us. We aim to create a world-class HR department and work environment. This aligns with international best practice and the company's strategies for its regional, domestic and global business operations. We will achieve this with functional HR leadership and advice, HR policy frameworks and quality HR services that enable Growthpoint's people to deliver shareholder value. We listen to our people and welcome feedback and ideas.

#### *Integrated talent management*

We have made progress on our integrated talent management plan but it has not been finalised as we had to respond to the restructuring of the business. We will continue to focus on aligning this plan with our employment equity and succession planning.

#### *Transformation*

We will focus on delivering our objectives for the 2019 calendar year which include numerical goals and removing barriers to transformation.

#### *Strategic learning and leadership*

This is ongoing and we will continue to develop the knowledge and requisite skills for our industry to enable Growthpoint employees to meet the organisation's main objective of delivering shareholder value.

#### *Job design*

Integrated job design enables us to make informed decisions about reward, recruitment, staff development and promotion. We will implement job grades and salary scales.

# Our people continued

## Staff profile

### Employee statistics

	FY18	FY17
Number of employees	638	630
– full-time employees	610	602
– contractors	28	28
Net property income per employee (R)	10 550 820	9 806 349
Average tenure of employees (years)	8.79	7
Annualised attrition rate (%)	7	11.2
Average age of employees (years)	44	44
Minimum CTC – lowest level of employee (R per annum)	104 025	96 600
Direct investment in employee training (Rm)*	3.9	5.8
Total cost of employee training (Rm)	7.7	8.6
Number of employees trained	253	606
Hours of training per employee	3	6
Total number of sick days	2 201	2 011
Weighted average number of sick days per employee	2.19	3.9
Number of physical injuries	2	7
Days lost to incidents**	–	27
Serious occupational injuries	nil	nil
Fatalities		
– full-time employees	nil	nil
– contractors	nil	1

\* The decrease in direct investment into employee training was as a result of having no Group training as was the case in FY17.

\*\* There were two incidents, but neither resulted in medical treatment or a lost day, which is testament to our strengthened health and safety efforts.

## Employment equity summary

	Female				Female total	Male				Foreign national	Male total	Grand total
	African	Coloured	Indian	White		African	Coloured	Indian	White			
Top management	1	–	–	3	4	–	1	–	14	1	16	20
Senior management	3	–	2	10	15	2	1	1	25	1	30	45
Professionally qualified	14	16	10	73	113	19	13	11	69	3	115	228
Skilled technical	23	24	15	34	96	8	1	2	8	–	19	115
Semi-skilled	39	22	5	15	81	97	14	2	3	4	120	201
Unskilled	1	–	–	–	1	–	–	–	–	–	–	1
Grand total	81	62	32	135	310	126	30	16	119	9	300	610

# Corporate social responsibility report

Growthpoint invested R35.9m (FY17: R23.6m) in our social investment projects this year and continued to make strides in delivering social value.

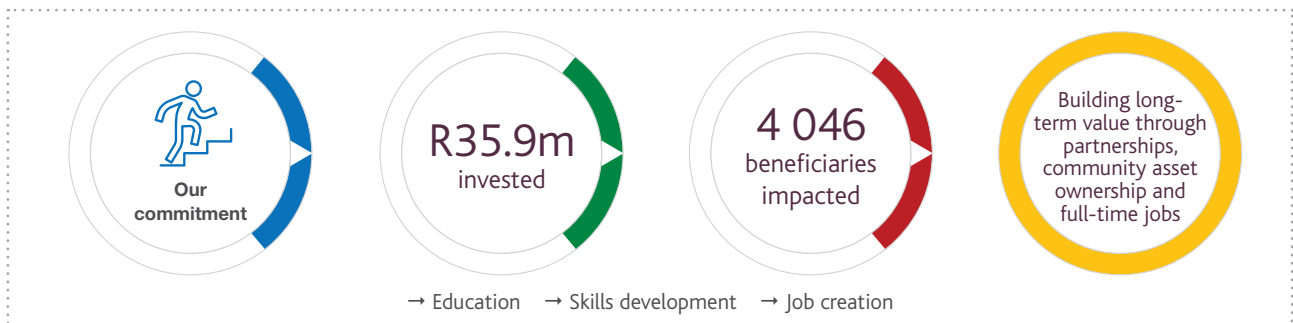
We deliver value to local communities through strategic, high-impact partnerships with the potential to optimise our carefully focused investments.



## Our approach

Our CSI programmes are aimed at creating a more inclusive society. We implement projects in partnership with stakeholders who have a wealth of experience in addressing societal issues in South Africa.

Education, skills development and job creation are the key ways we empower communities. We use our existing resources and work with historically disadvantaged communities to encourage more social inclusiveness.





# Corporate social responsibility report

## continued

### Expanding the areas and overall impact

In FY18, we provided 4 046 beneficiaries with skills, jobs and economic opportunities.

After a review of the projects we support, it became clear that our focus has been mostly urban, and we identified the opportunity to extend our outreach to some less urbanised areas. Property Point expanded into Rustenburg, Growsmart was introduced to 60 schools in the Eastern Cape and we funded Protec's learner excellence programme in Limpopo. We will find ways to spread our impact into the country's smaller towns and villages.

We scaled down the number of projects to focus on providing better quality initiatives while increasing our reach to more outlying areas. This focus helped us to create more value in our chosen communities.

Growthpoint is mindful of the continuous challenges of youth unemployment and poor quality education, so we continued to focus our investments on education projects while expanding our investments in skills development programmes. We strengthened our partnership with Thandulwazi Trust and invested in Protec's first branch in the Limpopo region. We also developed a partnership with Sparrow FET College to promote skills development for intellectually challenged individuals.

We are extremely pleased to mark a decade of positive impacts through enterprise and supplier development with Property Point, which was founded by Growthpoint in 2008.

### Projects we support

#### Growthpoint GEMS

With family values at our core, Growthpoint believes that "charity begins at home". Growthpoint GEMS aims to provide financial support to the children of our lower income earning staff to enable them to pursue a quality education. The programme is now in its second year and we have gained valuable insights into the socioeconomic issues that are facing multiple homes in South Africa. Many children receive inadequate support in their current schools and battle with learning gaps in fundamental subjects and to respond to this situation in a holistic manner, we have extended the programme to include psychosocial, academic, leadership and parent support.

#### Psychosocial support

An emotional intelligence assessment reveals the learner's current state of emotional wellbeing. Learners are provided with the option to access Growthpoint's employee assistance programme facilities.

#### Academic support

Learners undergo academic assessments to provide a clearer picture of each child's academic strengths and weaknesses so that parents can be offered guidance on how to support their child's individual academic journey.

#### Leadership support

Biannual leadership camps encourage children to explore their leadership potential and map out their academic journeys. The leadership component is extended to tertiary students, who are assigned a mentor for monthly insights on how to successfully achieve their academic goals.

#### Parent support

Workshops give parents the tools to help their children on their academic journey. Parents can set up appointments with the GEMS team for guidance.

Growthpoint has invested R4.9m in the GEMS programme to date and has supported 54 learners nationally since its inception in 2017.

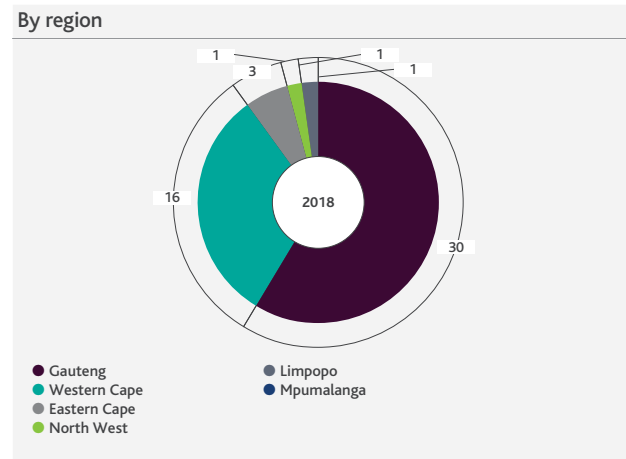
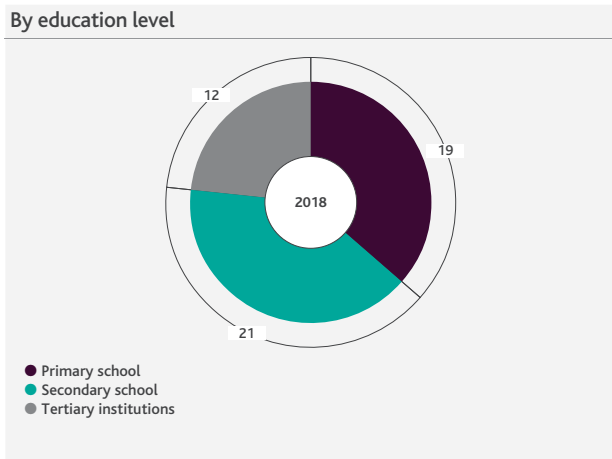
Our engagement with the GEMS families has proved valuable on other and unexpected levels. For example, we have been able to demystify perceptions around wellness support, which benefits both our staff and our business productivity.

*"I would like to say thank you to Growthpoint for this amazing experience and for bringing out my inner self to be a Gem." Nokwanda Hlazo, Growthpoint GEMS beneficiary*

*"I appreciate what Growthpoint is doing for me and my son, thanks again." Sindiswa Silo, Growthpoint GEMS parent*

# Corporate social responsibility report continued

## GEMS FY18: 52 students



### Creating impact at all levels of the education value chain *Growsmart*

Our flagship programme, Growsmart, has been a value-add for improving both the language and mathematics literacy of primary school students in the Western Cape for the past nine years. The programme started as a spelling competition to boost literacy and since then has expanded to include story writing, mathematics and science. This year, debating was introduced to give children the opportunity to use their growing vocabulary and eloquence to put forward logical arguments. This helps to boost confidence, critical thinking and public speaking skills, which are essential in today's world.

The programme expanded into the Eastern Cape this year, with 360 students entering the literacy and story writing competitions. It is being offered in 60 schools in the province – 30 in East London, 20 in Port Elizabeth and ten in Uitenhage.

**CASE STUDY**

**“Thank you for giving me and so many other learners the privilege to reveal our talent.”**

Lauren Daniels was first exposed to Growsmart as a 12-year-old Delft Primary School pupil during the initiative's second year. Inspired by the challenge of its spelling competition, Lauren went on to earn a place at Christel House South Africa. She matriculated in 2017 with distinctions for six of the eight subjects she wrote, and was one of the top ten economics students in the Western Cape. Growthpoint Properties has awarded her a bursary for her tertiary studies. We are proud to have been part of writing this cradle-to-success story with Lauren.

**Early childhood development (ECD)**  
Growthpoint partners with various organisations that provide safe environments for children to access education and nutrition as well as to ensure that ECD practitioners are upskilled to give quality education to their learners. Since 2014, we have partnered with nine organisations across Gauteng, the Eastern Cape and KwaZulu-Natal. By working with these organisations, we help ensure that children are provided with a proper foundation for their education. We are incredibly proud of these effective partnerships that empower practitioners and children alike, and foster a more equipped generation for our country.

Over the past eight years, Growthpoint has invested R8.7m in the ECD space and has impacted more than 18 000 beneficiaries.

Some R6.7m has been invested in rental subsidies, enabling partner organisations to further strengthen their offerings, while R2m has been invested in ECD practitioner programmes.

**CASE STUDY**

**ECD partners**

- ASHA Trust
- Cotlands
- Education Africa
- Loaves and Fishes
- PEN
- Ray Mhlaba Skills Centre
- Rise Against Hunger
- Scatterlings
- Thandulwazi Trust

# Corporate social responsibility report continued

## Protec

Protec is an education programme that capacitates and empowers school learners in historically disadvantaged communities to take their meaningful space in science, technology, engineering and mathematics (STEM) careers. The project's focus is on mathematics, physical sciences, English and World of Work from grade 10 to grade 12.

Growthpoint has partnered with Protec to open the first Learner Excellence project in Limpopo. Growthpoint has invested R586 144 to support 40 grade 10 students who were selected from four high schools in the Vhembe district. The aim of the project is to ensure an improvement in learners' performance in mathematics, physical science and English and that they are fully equipped to continue their academic journeys.

## Christel House South Africa bursaries

The Christel House holistic model is designed to transform the lives of impoverished children. Christel House students learn leadership, develop positive values and embrace a strong work ethic, qualities which will make them much-valued employees and contributing citizens.

Growthpoint sponsored 30 grade 10 students for bursaries at Christel House, to the value of R894 000. Between the 30 students, a total of 57 distinctions were achieved in the first term and in the second term a total of 24 distinctions were achieved. With the above interventions, strong academic support and Growthpoint's continued assistance, these students will develop into self-sufficient, contributing members of society.

## Growthpoint bursary programme

Our bursary programme is designed to develop professionals within the property sector. In FY18 we supported nine students directly and one via the SAPOA bursary programme. When bursary students graduate they are eligible for Growthpoint's graduate training programme.

## Staff volunteerism

Growthpoint Gives (G-Squared) is an example of Growthpoint's support for staff wishing to make a positive difference. Staff are allocated eight hours to take part in volunteer initiatives throughout the year. So far, 126 staff have volunteered their time and have spent a total of 490 hours working with communities, with financial support from Growthpoint of R450 000.

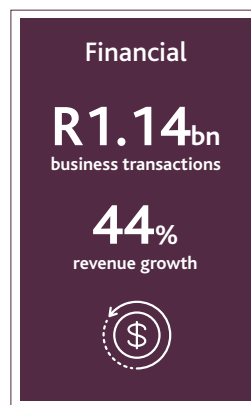
This year, Growthpoint won the inaugural African employee engagement company of the year award in recognition of our people's commitment to engaging with the wider community.

## Enterprise and supplier development

Our enterprise and supplier development programme, Property Point, reached a milestone this year as it has now been in operation for ten years. It is focused on developing sustainable small businesses (SMEs) by enabling access to market opportunities. Over the past decade, Property Point has changed the small business landscape in South Africa's property sector and established an excellent track record. It was founded by Growthpoint Properties in 2008 and has since created more than 2 400 jobs and generated more than R1bn worth of procurement opportunities for the 160-plus SMEs that have participated in its two-year enterprise and supplier development courses. Growthpoint itself has awarded 134 contracts to these businesses.

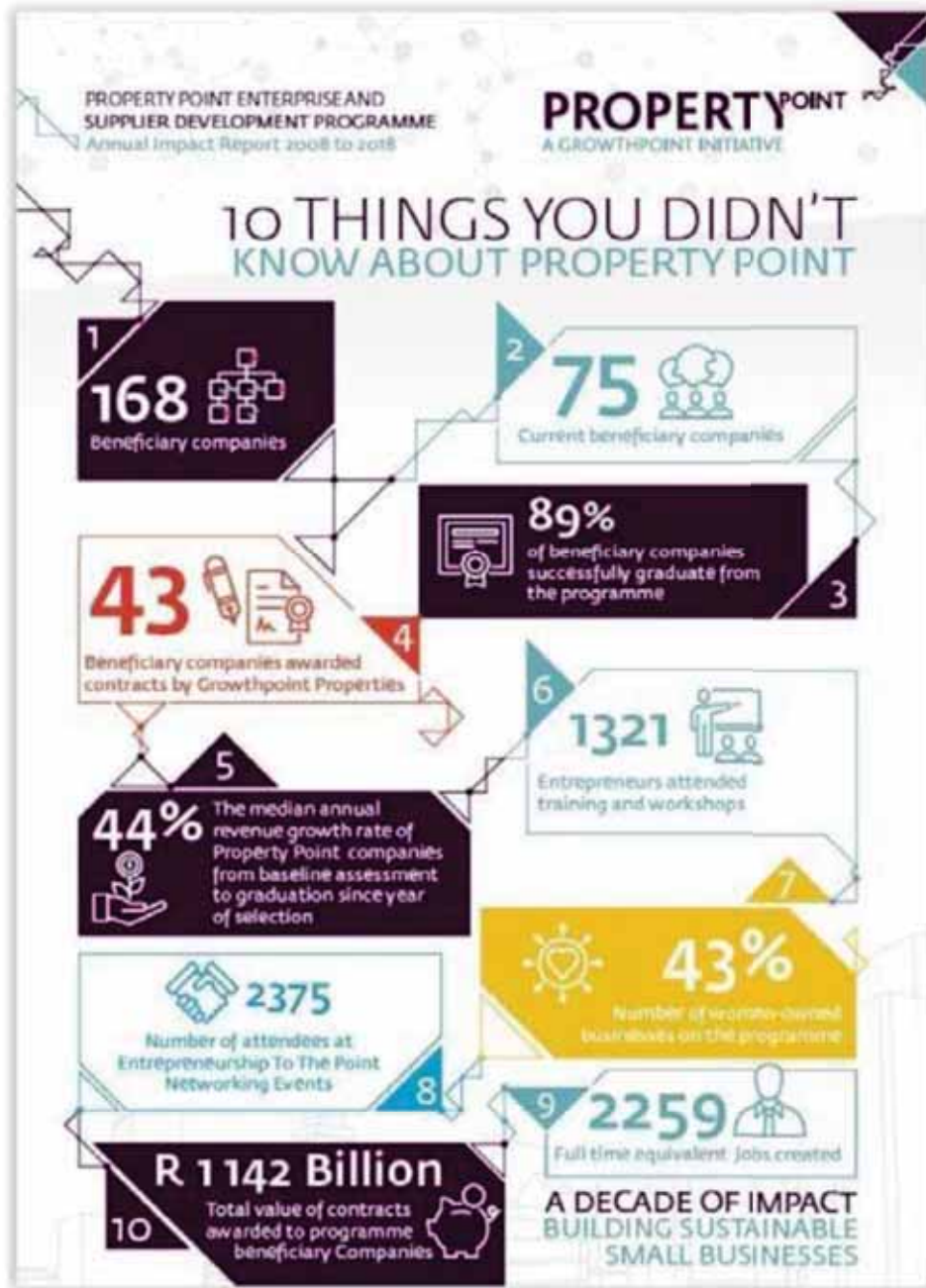
This year, Property Point beneficiary businesses generated R382.7m in procurement opportunities and created 663 jobs. Some 23 of the programme's SMEs have active contracts with Growthpoint.

**Property Point has established a decade-long track record of meaningful impact on growing sustainable small businesses.**



# Corporate social responsibility report

continued

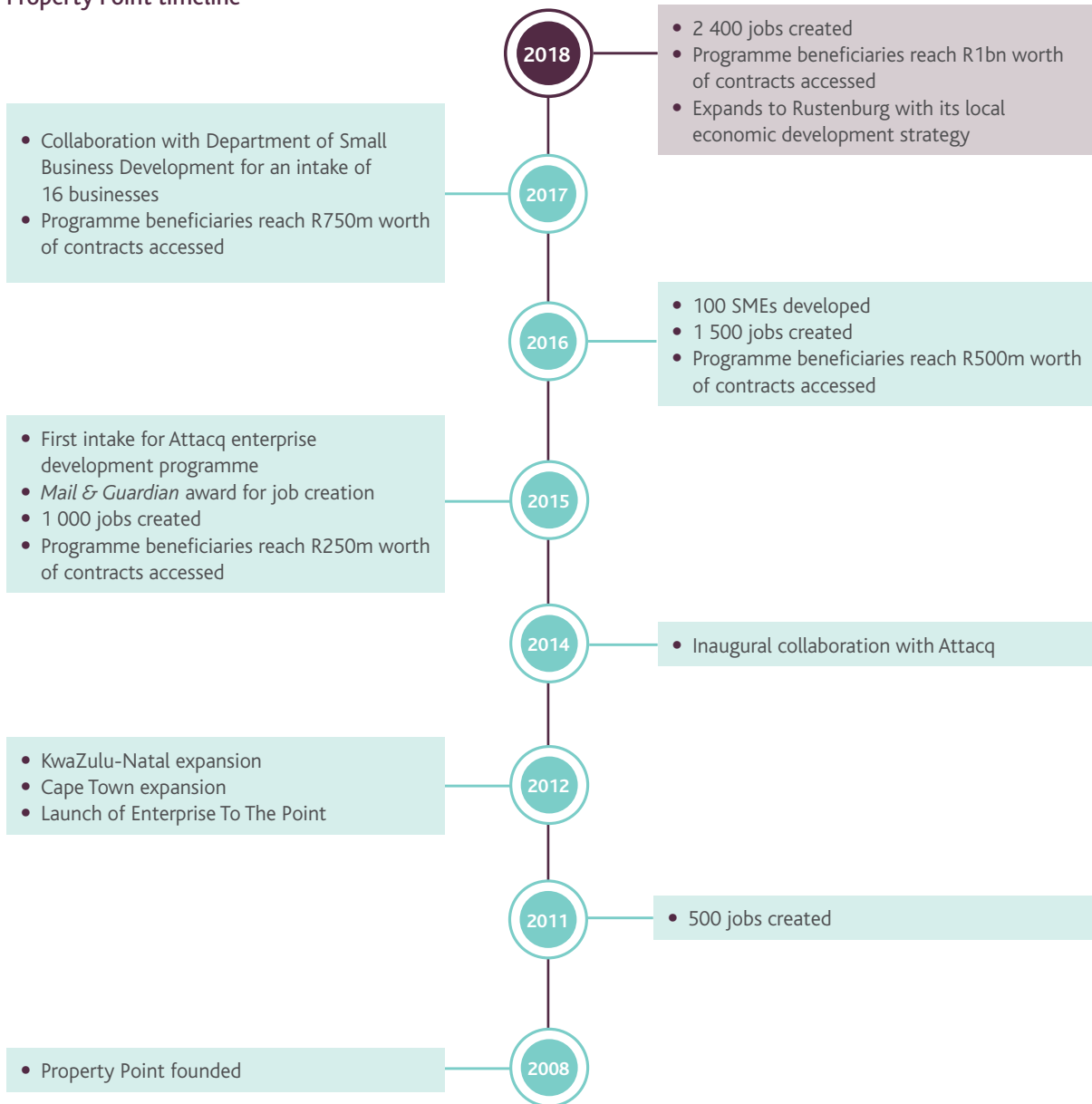


## Programme impact analysis

	FY09	FY10	FY11	FY12
Number of beneficiary companies awarded contracts by Growthpoint	8	8	10	8
Total value of contracts awarded to Property Point beneficiary companies (Growthpoint and eternal supply chains)	R11 723 913	R16 700 949	R34 369 465	R29 525 944
Total number of full-time equivalent jobs created by beneficiary companies	205	248	141	126

# Corporate social responsibility report continued

## Property Point timeline



	FY13	FY14	FY15	FY16	FY17	FY18	CUMULATIVE
	12	12	14	18	21	23	134
	R43 662 145	R52 079 185	R121 412 477	R238 001 395	R212 259 284	R382 735 603	R1 142 470 360
	71	113	237	256	345	663	2 405

# Procurement and facilities management

It is good business practice to continuously review how we do things and improve the core functions that we perform for the benefit of our stakeholders. We want to ensure that the way we manage property reflects our values and consistently aligns with the Growthpoint brand to reinforce our corporate culture.

Corporate South Africa finds itself in an environment of increased scrutiny. We believe every organisation owes its stakeholders superior levels of governance. In addition, we operate in a very legislated environment in which compliance is increasingly onerous. Nonetheless, we need to comply. Our legal department supports our entire business by standardising compliance, protecting our interests and advising and implementing in a responsible manner.

We have undertaken a thorough and detailed analysis of our procure-to-pay process, testing it rigorously. A new system is being implemented across the entire business to ensure we are procuring the best value for our clients. Besides driving cost efficiencies, this will also play a significant role in fostering and advancing B-BBEE.

Facilities management is a core area of our operations, delivered by a team with diverse skill sets, and thus have created a centre of excellence. The team is involved in the day-to-day maintenance of properties and manages significant capital expenditure initiatives. In addition, it serves in an advisory role for

the rest of our business. This area can be costly, so we aim to secure the best service providers at the most efficient costs.

Applied municipal costs are significant – and likely to keep an increasing. It is a business imperative to manage those costs in a responsible manner. This duty falls to our Utilities Management division. Our sustainability drive, acknowledged as one of the best in the sector, also continued to contribute positively to our business, our clients and to mitigating climate change.

## Procure-to-Pay Objectives

Our Procure-to-Pay division creates seamless processes for the way in which we work by collaborating with various internal and external stakeholders. This division drives value in the focus areas of cost efficiencies, RFPs, projects, supplier negotiation, measuring supplier performance and B-BBEE supplier development. It ensures that key spend goes through the Procurement division and is involved in the development phase of stakeholder projects. It is responsible for achieving compliance through best practice processes and policies. This service leads stakeholder engagement to consolidate and leverage our company-wide spending power. Similarly, it manages supplier numbers to leverage meaningful supplier relationships. It optimises our use of working capital. Procure-to-Pay ensures that contracts and service level agreements are in place with suppliers.

## Key performance indicators

- Achieving total cost savings from approved projects, RFPs and negotiations
- Ensuring quality service delivery through a regimented and fair process of supplier selection and award of business
- Implementing and recording of cost savings and cost avoidance
- Reducing lead time with suppliers and service providers
- Attention to high spend suppliers
- Improving Growthpoint's B-BBEE scorecard
- Ensuring contract compliance
- Compiling quarterly reports.

## Highlights for FY18

The number of active approved suppliers on our system was reduced to 4 173 and we will ensure all supplier documents are updated to remain compliant for the next 12 months. We engaged with suppliers that do not comply with B-BBEE to encourage and assist them to improve their scorecards and to try to increase our spend with B-BBEE compliant suppliers. Our new system, P2P-Fraxion, was implemented and replaces manual order books. It has been well received in the business and facilitated 1 000 orders within its first ten days. We expect better work efficiencies with standard controls and procedures in place. It also provides more statistics to analyse spend and trends in the business, supporting continuous improvement in our strategic supplier chain. It allows for better rate negotiations on bulk spend trends. We engaged manufacturers to explore

# Procurement and facilities management

continued

buying directly from them with negotiated rates that optimise the spending power across our portfolios. As part of this exercise, we successfully identified better fit-for-purpose options with several manufacturers. We will grow these relationships and build new ones.

## Facilities Management

### Objectives

Our Facilities Management division is responsible for fostering a culture of collaboration to support the delivery of maintenance solutions, value-adding client experiences, and quality facilities throughout the asset lifecycle. It is guided by best practice and legislation.

### Key performance indicators

- Improving customer experience with knowledge sharing, standardisation and consistency of the facilities management function across the organisation
- Maintaining all mechanical, electrical, structural and civil aspects of each asset under management within the investment strategy
- Ensuring that all assets comply with and are maintained within the Occupational Health and Safety Act (OHSA), local by-laws, and SABS/SANS standards
- Providing operational touch points or interfaces for developments, sustainability and other infrastructure programmes
- Investing in and researching enabling technology solutions to streamline service delivery and automate integrated processes

- Maximising B-BBEE spend on services procured for operating and maintaining properties
- Continuous drive to enhance and improve the client experience
- Continuously researching and benchmarking expenses and facilities management best practices to create value for all stakeholders.

### Highlights for FY18

Growthpoint is a proud, active Platinum member of the South African Facilities Management Association (SAFMA) and the GBCSA. Our team continues to drive and participate in the SAFMA professional accreditation programme and the GBCSA Green Star SA Accredited Professional programme for existing and new buildings. We have enhanced our Risk Improvement Management System (RIMS) by adding an online KPI reporting module to proactively manage Growthpoint's service delivery to our clients more effectively. Strategic facilities management standards – SANS 1752 and ISO 41001 – were published and Growthpoint is working closely with the Compliance Working Group to secure our compliance and certification to these standards. The ISO 41001 constitutes a benchmark for facilities management standards and has become a prerequisite to align facilities management strategies with the organisational strategies. We launched our facilities management Centre of Excellence (CoE) to drive synergies and best practices and to improve collaboration between Growthpoint's

retail, industrial and office sectors, and this has proven to be extremely successful to date. The Growthpoint Maintenance Service Desk has proven to be very successful since it was launched in May 2015. The system has been enhanced to effectively manage statutory maintenance; lifecycle costing and plant maintenance of all plant and equipment. The launch of the new Thrive Portfolio helps to enhance and improve the client experience in line with our property management strategies to drive service excellence. This year we launched an Academy of Excellence. This internal knowledge-sharing programme draws information from Growthpoint's own staff, who are experts in their respective fields. It will ensure the retention and transfer of invaluable hard and soft skills in technical, financial and business fields within the organisation. We explore various artificial intelligence and "internet of things" platforms that could assist us in our business processes.

# Governance

Growthpoint upholds and applies the provisions and principles of the King Report on Corporate Governance for South Africa and Code (King IV), which are also followed for purposes of annual reporting. Governance criteria advocated by institutional investors are also considered and applied where they have merit and are in the company's best interests. These include the Code for Responsible Investment in South Africa (CRISA).

## Philosophy

As part of the commitment to sound governance, the Board endeavours to ensure that the business is conducted with integrity and accountability, in line with the Code of Ethics incorporated in the Board Charter. This entails ongoing reviews of structures, policies and practices to enhance governance for the ultimate benefit of all stakeholders.

The company has remained compliant with the Companies Act, No 71 of 2008, as amended (the Act). The Board Charter and the Terms of Reference of Board committees are aligned with relevant provisions of the Act and King IV, as are Growthpoint's own statutes and those of its subsidiaries.

Through the governance structures and processes that are in place, Growthpoint's financial and other controls and the supervisory oversight exercised in the organisation are appropriate and adequate.

A review of Growthpoint's 2018 corporate governance assessment according to King IV™\* can be found on page 121 on the 2018 integrated annual report.



## 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 ([www.growthpoint.co.za](http://www.growthpoint.co.za)).

The outcomes of Growthpoint's governance structures, covered as follows, are dealt with extensively in various sections of the 2018 IAR.

## Policies promoting ethical conduct

Growthpoint has various policies in place to promote and safeguard ethical behaviour and integrity among management and employees.

These policies include:

- the company's mission and value statements
- an employee integrity policy, to encourage employee compliance with policies and standards of best practice
- an anti-corruption and gift declaration policy
- whistle-blowing and protected disclosures, to encourage employees to raise concerns about workplace malpractice without fear of victimisation or reprisal
- substance abuse and sexual harassment policies forbidding these practices in the organisation.

## Compliance framework

Statutory and regulatory compliance is a standing item on every agenda for the Risk Management Committee and is addressed by the Head of Internal Audit and Risk Management in quarterly reports to the committee. Compliance with accounting standards and financial reporting requirements is overseen by the Audit Committee.

Compliance officers are decentralised throughout Group operations based on their expertise. The Company Secretary is responsible for Companies Act and JSE Listings Requirements compliance.

The Board receives feedback quarterly from the chairmen of all Board committees, in addition to the minutes of the preceding committee meetings.

Compliance with the Code of Ethics is monitored directly and indirectly. The Group has in place a formal mandatory authorisation process for dealings in the company's shares, formal policies and procedures for accepting and granting gifts and inducements, disclosure of conflicts of interest and anti-corruption as well as formal levels of authority and delegated signing authorities for business transactions.

During FY18, Growthpoint had no incidents of major non-compliance, fines or prosecutions linked, for example, to anti-competitive practices or other governance and economic issues, or non-compliance with its Code of Ethics.

## Internal audit

The internal audit function, excluding the internal audit for IT, is provided in-house by the Head of Internal Audit and Risk Management. Its scope and functions are covered in the internal audit section of this report.

## External audit

KPMG Inc. acts as external auditor for Growthpoint and its subsidiaries. The independence of the external auditor is reviewed every year by the Audit Committee with the auditors. The external auditors attend all Audit Committee and Risk Management Committee meetings and have unrestricted access to the chairmen of both committees.

## The Board of Directors

During the year under review and as at the date of issue of this report, Growthpoint had a unitary Board comprising 14 directors in total: four executive directors and ten non-executive directors, six of whom are regarded by the Board as independent.

The Board has started to appoint new directors as part of a process of rejuvenation, in terms of which Ms N Soyotula (non-executive) and Ms O Chauke (executive – HR Director) were appointed during FY18.

\* Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.



# Governance continued

The Board provides strategic direction and leadership, promotes shareholder value and enhances the sustainability of the business, to the benefit of the company and all its stakeholders. To ensure that they act with independence of mind and integrity, directors are required to abide by Growthpoint's Code of Ethics and policies promoting ethical behaviour.

The directors annually declare their financial interests, as per the Act. Directors' interests in the company's shares as at 30 June 2018 are set out in the annual financial statements (AFS) note 20 (related-party transactions).

Notwithstanding the finding that four non-executive directors are considered to be non-independent, the Board has concluded that they nonetheless act and exercise their minds independently in their roles on the Board and respective committees.

The expertise and business experience of each of the executive and non-executive directors enable them individually, and as a Board, to evaluate strategy, assess the company's performance, and always act in Growthpoint's best interests.

A formal skills profiling and assessment of all directors is being conducted by an independent consultant and the Board considers its composition to be suited to the business.

Non-executive directors have unrestricted access to company information and members of management besides the executive directors. To help them fulfil their responsibilities effectively, non-executive directors may also seek independent professional advice, paid for by the company. The Audit Committee provides, as a standing item on the agenda of regular meetings, for combined or separate closed sessions with management, external auditors and the internal auditor to be held after every meeting.

The Board has adopted a Board level gender diversification policy with a voluntary 30% target for female representation including black women. (Currently, the four female directors represent 29% of the total number of directors).

The Board Charter includes a policy statement on racial diversification, in terms of which the Board will strive to meet legislated and/or regulated employment equity targets applicable from time to time at Board level.

## Directors with tenures of more than nine years

Name of director	Year of appointment	Number of years in service	Status
MG Diliza*	2001	17 years	Not independent
PH Fechter**	2003	15 years	Not independent
JC Hayward	2001	17 years	Independent
JF Marais	2003	15 years	Not independent
R Moonsamy	2005	13 years	Independent
FJ Visser	2001	17 years	Independent

\* B-BBEE partnership

\*\* In view of the number of Growthpoint shares under Mr Fechter's control, he is perceived by some shareholders to be non-independent, notwithstanding the fact that the Board is satisfied that he is able to, and does, apply his mind independently at Board and committee meetings.

## Board committees

The committees established by the Board assist it in the discharge of its duties and the overall governance of the organisation.

The Board committees have unrestricted access to company information and any resources required to help them fulfil their responsibilities, including professional advice which is paid for by the company.

Every Board committee has Board-approved Terms of Reference which are periodically reviewed and are aligned, to the extent applicable and possible, with King IV™, the Listings Requirements of the JSE Limited and the Act.

The Board determines and amends, as necessary, the scope and responsibilities of the committees, as well as the appointment of new committee members.

\* Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

# Governance continued

To promote sound corporate governance and optimise the sharing of information, the executive directors and other senior executives are present at selected Board committee meetings either *ad hoc* or by standing invitation. The Company Secretary attends all Board committee meetings.

All the committees have satisfied themselves that they have fulfilled their responsibilities in accordance with their respective Terms of Reference during FY18.

COMMITTEE	COMPOSITION	PRIMARY FUNCTION
<b>Chairmen's Committee</b>	Board's Chairman (as committee Chairman) and the chairmen of the Board's committees	<p>Meets on an <i>ad hoc</i> basis and serves as a forum for:</p> <ul style="list-style-type: none"> <li>• chairmen of the committees to raise matters which they or their committees feel need to be raised with the Board</li> <li>• executive directors to raise matters or emerging issues that are sensitive</li> <li>• discussion of aspects of governance that might require attention from time to time.</li> </ul> <p>The committee will also consider appropriate and effective approaches to matters to enhance the Board's efficiency, oversight and guidance.</p>
<b>Audit Committee</b>	Four non-executive directors, one of whom is the Chairman of the Risk Management Committee. The CEO: RSA, Group FD external auditor, CFO: RSA and Head of Internal Audit and Risk Management are present at meetings by standing invitation.	<p>The committee has five scheduled meetings a year with one meeting dedicated to the review of the company's IAR.</p> <p>To assist the Board in its supervisory and governance responsibilities, the committee ensures that:</p> <ul style="list-style-type: none"> <li>• adequate processes are in place to safeguard the company's assets</li> <li>• adequate accounting records are maintained</li> <li>• the design effectiveness of internal controls is regularly reviewed and effective systems of internal control are maintained</li> <li>• an open channel of communication is maintained between directors, management and accounting staff, as well as both internal and external auditors</li> <li>• financial information is reviewed at least quarterly</li> <li>• the AFS are reviewed prior to recommendation to the Board for approval</li> <li>• an external auditor is appointed at all times to determine the scope for each external audit.</li> </ul> <p>The committee reviews and sets the external auditor's fees for annual audits.</p>
<b>Risk Management Committee</b>	Four non-executive directors. Its Chairman is also a member of the Audit Committee. The Board's Chairman, the Group CEO, CEO: RSA, Group FD, Group Treasurer, Head of Internal Audit and Risk Management, Human Resources Director, Chief Information Officer and external auditor are present at meetings, by standing invitation.	<p>The committee meets at least quarterly, oversees management compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework relative to risks and opportunities identified. The main objective of the committee is to protect the quality, integrity and reliability of the Group's risk management by:</p> <ul style="list-style-type: none"> <li>• assisting the Board in matters of corporate accountability and associated risks</li> <li>• ensuring that risk policies and strategies are effectively managed</li> <li>• monitoring external developments that could affect corporate accountability</li> <li>• reviewing and assessing the integrity of risk control systems – defining risk management policies and the risk management function, as well as the scope of enterprise risk management (ERM)</li> <li>• ensuring the independent and objective oversight and review of information provided by management on corporate accountability and associated risks.</li> </ul>

# Governance continued

COMMITTEE	COMPOSITION	PRIMARY FUNCTION
<b>Property Committee</b>	Four non-executive directors. The Group CEO, CEO: RSA, Group FD, COO: RSA, CDIO, Heads of Asset Management, CFO: RSA, Management Accountant and the Retail Sector Consultant are present at meetings, by standing invitation.	<p>It assists the Board with decisions regarding Growthpoint's property portfolio, as well as the review and approval of property budgets and valuations. The committee schedules four meetings a year. Its role is to:</p> <ul style="list-style-type: none"> <li>• consider and decide on proposed acquisitions and disposals in terms of the levels of authority</li> <li>• consider and decide on proposed capital expenditure</li> <li>• periodically review due diligence processes for acquisitions</li> <li>• review and make recommendations to the Board regarding Growthpoint's annual budgets, including capital expenditure budgets</li> <li>• provide a high-level review of bi-annual property valuations prior to their submission to the Board and Audit Committee</li> <li>• periodically review and assess the company's approach to investment in physical property assets and letting enterprises.</li> </ul>
<b>HR and Remuneration Committee</b>	Board's Chairman and two independent non-executive directors. The Group CEO, CEO: RSA and the Human Resources Director attend meetings by invitation.	<p>The committee meets at least quarterly and assists the Board by ensuring that:</p> <ul style="list-style-type: none"> <li>• formal and transparent policies and procedures for executive and senior management remuneration are established and maintained</li> <li>• remuneration for executive directors, senior management and staff (including incentives, grants and other benefits) is set at the correct level to attract and retain people of the required calibre.</li> </ul> <p>The committee furthermore helps determine the key components of remuneration, in conjunction with performance review criteria for executive directors and senior management. To this end, the committee:</p> <ul style="list-style-type: none"> <li>• determines specific remuneration packages for executive directors of the company, taking into account relevant benchmarking</li> <li>• periodically reviews the terms and conditions of executive directors' service agreements</li> <li>• determines the criteria for measuring the performance of executive directors and linking it to remuneration</li> <li>• approves proposed allocations to eligible participants in the company's staff incentive scheme</li> <li>• establishes remuneration credibility with shareholders and other stakeholders</li> <li>• makes recommendations to the Board regarding the remuneration of non-executive directors, which is periodically benchmarked</li> <li>• co-ordinates its activities with the Chairman of the Board and Group CEO, and consults with both when formulating remuneration policy and when determining specific remuneration packages</li> <li>• reviews and approves the succession plan for executive management, which activity is monitored by the Risk Management Committee.</li> </ul>
<b>Nomination Committee</b>	Consists of the members of the Chairmen's Committee and is chaired by the Board's Chairman.	<p>The committee meets on an <i>ad hoc</i> basis and is responsible for:</p> <ul style="list-style-type: none"> <li>• making recommendations to the Board on non-executive and executive director appointments as well as the Board's composition as a whole, after identifying and screening candidates for Board approval and appointment</li> <li>• reviewing, and making recommendations on, the Board's structure, size, and the balance between executive and non-executive directors</li> <li>• succession planning for the Chairman.</li> </ul>

# Governance continued

COMMITTEE	COMPOSITION	PRIMARY FUNCTION
<b>Social, Ethics and Transformation Committee</b>	Comprises five non-executive directors. The Chairman of the Board, CEO: RSA, Group FD, Human Resources Director, Head of Corporate Social Responsibility, National Procurement Manager and National Developments Head attend meetings of the committee.	<p>The committee meets four times a year. Besides the statutory duties of this committee, it also evaluates, monitors and makes recommendations to the Board regarding:</p> <ul style="list-style-type: none"> <li>• broad-based black economic empowerment (B-BBEE) initiatives and opportunities</li> <li>• enterprise development and related training initiatives</li> <li>• the company's B-BBEE equity ownership arrangements, funding structures and, from time to time, potential new B-BBEE equity ownership participants</li> <li>• corporate social responsibility initiatives and investments and respective annual budgets</li> <li>• the company's preferential procurement spend</li> <li>• compliance with the Property Sector Transformation Charter</li> <li>• employment equity</li> <li>• periodic reviews of Growthpoint's transformation philosophy and strategy</li> <li>• environmental, social and governance matters, including carbon emissions and climate change.</li> </ul>

Average Board meeting attendance: 94.3% of meetings of Board and its sub-committees. Growthpoint does not prescribe the average number of other mandates for Board members. Additional information on Growthpoint's corporate governance can be found the 2018 IAR.

### Executive Management Committees

#### Group Executive Management Committee (Group Exco)

Group Exco comprises the Retail Sector Consultant, the executive directors, the COO: RSA, CDIO, the Group Treasurer, the Head of Corporate Finance, the Head of Investor Relations and SA le Roux. The Group CEO chairs the committee and the Company Secretary and Deputy Company Secretary attend all meetings. The committee meets as required to consider Group results and operations, strategic issues and initiatives, and to monitor capital requirements and market trends.

#### RSA Executive Management Committee (RSA Exco)

RSA Exco comprises the CEO: RSA, the HR Director, the COO: RSA, CDIO, the CFO: RSA, the Heads of Asset Management, the Head of Marketing, the Treasury Manager and the Head of

Corporate Social Responsibility. The CEO: RSA chairs the committee and the Heads of company's regional offices and the Company Secretary and Deputy Company Secretary attend all meetings. The Group Exco members have a standing invitation to all meetings of the RSA Exco. The committee meets monthly and reviews operations, quarterly results (actual versus budget and projections) and company policy.

### Investor relations and access to information

The Board is committed to transparency and disclosure of relevant information to all stakeholders.

Such disclosure includes communicating information on:

- company strategy and performance
- Board practice
- the company's Code of Ethics
- Growthpoint's indirect impacts
- business value and risk management.

Our investor relations team is responsible for creating better awareness and understanding of Growthpoint in the investment community in order to gain access to capital and achieve liquidity as well as a fair valuation of its shares. This

includes ensuring that Growthpoint's strategy is clearly defined and well explained and that its investment proposition is well set out. The Investor Relations division is tasked with attracting a diversified shareholder base across investor type, investment style and geography.

Growthpoint won the award for the Best Presentation to the Investor Analysts Society in 2017 for companies with market capitalisation above R30bn.

Institutional Investor surveyed emerging EMEA for the first time in their analyst rankings this year. Some 328 investors and 189 sell-side analysts participated in the survey and nominated 473 companies across 12 sectors. Of these companies 36 were distinguished as most honoured for receiving two or more top three appearances. Growthpoint was among these, having been ranked either first or second in six categories for the construction and real estate sector.

# Governance continued

To better understand perceptions about our business, we appointed an independent third party to conduct a shareholder perception study. The results revealed that the most appealing elements of our investment proposition include the credibility of our senior leadership, our high-quality and diversified asset portfolio, the size and scale of our company within the South African market, and our transparent communication and investor relations efforts. Investors were less confident on the South African macro-economy and required added insight into Growthpoint's offshore expansion. Our programme of recycling capital by optimising and streamlining our RSA portfolio aligns with comments received to that effect from the investment community.

## Policies for South Africa

Employee responsibility, business practice and compliance are stipulated and given to all employees when they commence employment. This information is also available on the company intranet. The conditions of employment stipulate the expected behaviour for all employees in a range of business undertakings.





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

POLICY AND/OR GOVERNANCE DOCUMENT	WHAT IT COVERS
Anti-corruption	A reiteration of Growthpoint's commitment to compliance by the company, and its officers, directors, employees and agents with local and international anti-bribery or anti-corruption laws that may be applicable.
Benefits	Other benefits granted to employees, rewards for exceptional performance and 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.
Board Gender diversification policy	In the event that the size of the Board is increased and/or any of the current non-executive directors retires or steps down, preference will be given to women with the necessary skills, experience, independence and knowledge, taking into account Growthpoint's circumstances and needs. Growthpoint's aim is that at least 30% of the Board should comprise women.
Board racial diversity policy	In relation to racial diversification, the Board shall at all times and to the extent practically possible, strive to meet the legislated and/or regulated Employment Equity targets applicable from time to time at Board level.
Cell phones	Eligibility, reimbursement process and levels in compliance with SARS practice.
Computer usage	This policy sets out 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	The CSR policy incorporating 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	Disability benefits available only to employees who become disabled during their employment at Growthpoint.
Disclosure and crisis management	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	To define appropriate business attire to be adopted by Growthpoint staff.
Education bursary scheme	Provide all employees with focused educational opportunities, to enable the acquisition of qualifications necessary for career development within Growthpoint.
Environmental	Growthpoint's commitment to responsible environmental conduct. Areas of consideration include climate change and carbon emissions, energy, water, waste and biodiversity.
Flexible work hours statement	Developed to allow employees to manage accessibly to the office with consideration to personal circumstance and operational requirements of their department.
Gift declaration	Policy on gifts, entertainment and inducements in line with the Prevention of Corruption and Corrupt Activities Act, 2004 (PRECCA) was legislated to combat corruption and associated activities.




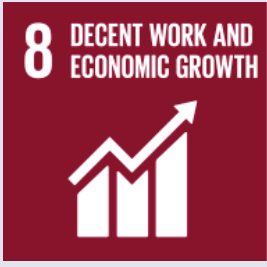
# Governance continued

POLICY AND/OR GOVERNANCE DOCUMENT	WHAT IT COVERS
Health and safety	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 and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work.
Financial assistance to employees	Where deemed necessary, Growthpoint may provide financial assistance to employees. Situations of undue personal hardships are those that are unforeseen/unanticipated (emergency situations), which the employee could not have provided for and no other institution could provide for.
IT Governance charter	Embeds IT governance as a corporate governance within Growthpoint. It outlines the scope, required effort and responsibility with regards to developing, implementing and maintaining Growthpoint's IT governance.
Leave	To provide clarity on leave provisions for employees. The objective is to ensure that all staff are informed of the procedures around eligibility and 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	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	Stipulates the process and procedure undertaken during the procurement practices. Specific considerations are given to the size of the procurement deal as well as to B-BBEE considerations.
Retirement	Group provident fund, early retirement benefits, low-risk portfolio option, staff incentive scheme, retirement counselling and financial planning.
Recruitment	Gives 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).
Serious illness insurance	A list of serious illnesses covered as well as the terms and conditions and related benefits.
Sexual harassment	Defined in accordance with Notice 1367 of 1998 in terms of section 203(2) of the Labour Relations Act No 66 of 1995 and ensuring the proper process is undertaken in a sensitive and confidential manner.
Share dealings	Governs share dealings by directors and executive members and the imposition of closed periods. Prior clearance to deal is required from the Group CEO and/or Board chairman. Deal disclosure is dealt with in terms of the Listing Requirements of the JSE Limited.
Substance abuse	Stipulates behaviour that constitutes a breach of company policy and a breach of an employee's duty to act in good faith towards Growthpoint.
Social media	This governs the use of social media by Growthpoint Properties Limited and all its subsidiaries or affected company's employees, associates and contractors, in both a personal and professional capacity.
Transformation strategy	Details Growthpoint's strategy to achieve the required B-BBEE scorecard and Property Sector charter transformation targets.
Travel	This policy sets out the travel and accommodation arrangements for Growthpoint employees or other authorised persons while away on business travel. This address both local and international travel.
Whistle-blowing and protected disclosure	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






UN SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT WITH NDP	GROWTHPOINT ALIGNED ACTIVITIES
 <p><b>1 NO POVERTY</b></p>	<p>2 NDP objectives from Chapter 11: Social Protection</p>	<p>2018 IAR, CSR 2018 ESG, CSR</p>
 <p><b>2 ZERO HUNGER</b></p>	<p>1 NDP objective from Chapter 5: Environmental Sustainability and Resilience</p> <p>2 NDP objectives from Chapter 6: Inclusive Rural Economy</p> <p>1 NDP objective from Chapter 11: Social Protection</p>	<p>2018 IAR, CSR 2018 IAR, Environmental approach 2018 ESG, Environmental approach 2018 ESG, CSR</p>
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p>6 NDP objectives from Chapter 10: Healthcare for All</p>	<p>2018 IAR, Our People 2018 ESG, Our People</p>
 <p><b>4 QUALITY EDUCATION</b></p>	<p>13 NDP objectives from Chapter 9: Improving Education, Training and Innovation</p>	<p>2018 IAR, CSR 2018 IAR, Our People 2018 ESG, Our People and CSR Property Point <a href="http://www.propertypoint.org.za/Pages/Home.aspx">http://www.propertypoint.org.za/Pages/Home.aspx</a></p>

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



UN SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT WITH NDP	GROWTHPOINT ALIGNED ACTIVITIES
 <p><b>5 GENDER EQUALITY</b></p>	<p>2 NDP objectives from Chapter 11: Social Protection</p> <p>1 NDP objective from Chapter 12: Building Safer Communities</p>	<p>2018 IAR, Environmental approach 2018 IAR, Our People 2018 ESG, Environmental approach and Our People</p>
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	<p>2 NDP objectives from Chapter 4: Economic Infrastructure</p> <p>1 NDP objective from Chapter 5: Environmental Sustainability and Resilience</p>	<p>2018 IAR, Environmental approach 2018 IAR, CSR 2018 ESG, Environmental approach</p>
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p>2 NDP objectives from Chapter 4: Economic Infrastructure</p> <p>1 NDP objective from Chapter 5: Environmental Sustainability and Resilience</p>	<p>2018 IAR, Environmental approach 2018 ESG, Environmental approach</p>
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p>7 NDP objectives from Chapter 3: Economy and Employment</p>	<p>2018 IAR, Our People 2018 IAR, CSR Property Point <a href="http://www.propertypoint.org.za/Pages/Home.aspx">http://www.propertypoint.org.za/Pages/Home.aspx</a></p>



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

UN SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT WITH NDP	GROWTHPOINT ALIGNED ACTIVITIES
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>1 NDP objective from Chapter 4: Economic Infrastructure</p>	<p>2018 IAR, COO Report 2018 IAR, Environmental approach 2018 IAR, CSR Property Point <a href="http://www.propertypoint.org.za/Pages/Home.aspx">http://www.propertypoint.org.za/Pages/Home.aspx</a></p>
 <p><b>10</b> REDUCED INEQUALITIES</p>	<p>1 NDP objective from Chapter 3: Economy and Employment</p> <p>1 NDP objective from Chapter 11: Social Protection</p> <p>1 NDP objective from Chapter 15: Nation Building and Social Cohesion</p>	<p>2018 IAR, CSR 2018 IAR, Our People Growthpoint Transformation Strategy <a href="https://growthpoint.co.za/BBBEEReports/Growthpoint%20Transformation%20Strategy.pdf">https://growthpoint.co.za/BBBEEReports/Growthpoint%20Transformation%20Strategy.pdf</a></p>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>1 NDP objective from Chapter 4: Economic Infrastructure</p> <p>3 NDP objectives from Chapter 5: Environmental Sustainability and Resilience</p> <p>4 NDP objectives from Chapter 8: Transforming Human Settlements</p>	<p>2018 IAR, Environmental approach 2018 IAR, CSR Property Point <a href="http://www.propertypoint.org.za/Pages/Home.aspx">http://www.propertypoint.org.za/Pages/Home.aspx</a></p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>2 NDP objectives from Chapter 5: Environmental Sustainability and Resilience</p>	<p>2018 IAR, CSR 2018 IAR, Our People Property Point <a href="http://www.propertypoint.org.za/Pages/Home.aspx">http://www.propertypoint.org.za/Pages/Home.aspx</a> Commitment to Gren Building Council South Africa</p>
 <p><b>13</b> CLIMATE ACTION</p>	<p>3 NDP objectives from Chapter 5: Environmental Sustainability and Resilience</p>	<p>Commitment to COP 21 2018 ESG, Environmental approach, commitment to setting science-based targets 2018 IAR, Environmental approach</p>

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

UN SUSTAINABLE DEVELOPMENT GOALS	ALIGNMENT WITH NDP	GROWTHPOINT ALIGNED ACTIVITIES
 <p><b>14</b> LIFE BELOW WATER</p>	<p>1 NDP objective from Chapter 5: Environmental Sustainability and Resilience</p>	<p>Two Oceans Aquarium <a href="http://www.aquarium.co.za/">http://www.aquarium.co.za/</a></p>
 <p><b>15</b> LIFE ON LAND</p>	<p>1 NDP objective from Chapter 5: Environmental Sustainability and Resilience</p>	<p>2018 IAR, Environmental approach 2018 ESG, Environmental approach</p>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>5 NDP objectives from Chapter 13: Building a Capable and Developmental State</p> <p>1 NDP objective from Chapter 14: Fighting Corruption</p>	<p>2018 IAR, Environmental approach 2018 IAR, Our People 2018 ESG Report</p>
 <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>	<p>2 NDP objectives from Chapter 7: South Africa in the Region and the World</p>	<p>2018 IAR 2018 ESG Report Member of NBI Member of GRESB</p>
	<p>1 NDP objective from Chapter 4: Economic Infrastructure</p> <p>1 NDP objective from Chapter 9: Improving Education, Training and Innovation</p> <p>2 NDP objectives from Chapter 11: Health Care for All</p> <p>2 NDP objectives from Chapter Social Protection</p>	<p>2018 IAR, CSR</p>

# Contact details

## Johannesburg office

Physical address: The Place, 1 Sandton Drive, Sandton, 2196  
Postal address: PO Box 78949, Sandton, 2146  
Switchboard tel: +27 (0) 11 944 6000  
General fax: +27 (0) 11 944 6005

## Durban office

Physical address: 4th Floor, Lincoln On The Lake, 2 The High Street, Parkside  
Umhlanga Ridge, KwaZulu-Natal, 4319  
Postal address: PO Box 1330, Umhlanga Rocks, 4320  
Switchboard tel: +27 (0) 31 584 5100  
General fax: +27 (0) 31 584 5110

## Cape Town office

Physical address: 2nd Floor, MontClare Place, Main Road, Claremont, 7700  
Postal address: PO Box 44392, Claremont, 7735  
Switchboard tel: +27 (0) 21 673 8400  
General fax: +27 (0) 21 679 8405/06

## Growthpoint Australia office

Physical address: Level 22, 357 Collins Street, Melbourne, VIC, Australia, 3000  
Switchboard tel: +61 (0) 3 8681 2900  
General fax: +61 (0) 3 8681 2910  
Email: [info@growthpoint.com.au](mailto:info@growthpoint.com.au)



[twitter.com/growthpoint](https://twitter.com/growthpoint)



[facebook.com/growthpoint](https://facebook.com/growthpoint)

[info@growthpoint.co.za](mailto:info@growthpoint.co.za)  
[www.growthpoint.co.za](http://www.growthpoint.co.za)



The Place, 1 Sandton Drive, Sandton  
Gauteng, 2196, South Africa  
Tel: +27 (0) 11 944 6000, Fax: +27 (0) 11 944 6005  
PO Box 78949, Sandton, 2146, South Africa  
Docex: 48 Sandton Square  
info@growthpoint.co.za

[www.growthpoint.co.za](http://www.growthpoint.co.za)