

**GROWTHPOINT**  
PROPERTIES



Environmental, social  
and governance report

**2021**



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## Follow us



<https://www.linkedin.com/company/growthpoint-properties-ltd>



@growthpoint



<https://www.youtube.com/c/GrowthPointBroadcast>

## Send us your feedback

To ensure that we report on issues that matter to our stakeholders, please provide any feedback and questions to: [info@growthpoint.co.za](mailto:info@growthpoint.co.za)

Scan the QR code to gain quick access to our website.



GEMS awards dinner, Johannesburg, South Africa

# South Africa at a glance



**432**

High quality physical RSA property assets

**R68.8bn**

RSA property asset value

**5 473 034**

Square metres of space in RSA



**B-BBEE**

Level 1

**12th year**

Inclusion in the FTSE/JSE Responsible Index

**Sector** – Retail, Office, Industrial, Healthcare, Trading and Development

**Geography** – South Africa, Australia, Poland, Romania and United Kingdom

**Income streams** – Property income, funds management and trading and development



## 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.

## About these reports


In preparing these reports we have endeavoured to present a holistic and integrated representation of the Group's performance in terms of both its profitability and its long-term sustainability. This report aims to inform our stakeholders about the objectives and strategies of the Group and its performance.

**ESG report**




The report containing additional information relating to environmental, social and governance elements. The report was prepared in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

**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.

**Audited Group annual financial statements (AFS)**



The statutory AFS prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the Companies Act 2008, as amended.

**Annual general meeting (AGM) notice**






The booklet containing the AGM notice also includes the summarised audited AFS for FY21, relevant extracts from the IAR supporting the notice and the report to shareholders by the Social, Ethics and Transformation Committee.

## How to navigate our report

The following icons are used throughout our integrated report to show connectivity between sections:

### Growthpoint United Nations Sustainable Development Goals focus ←

	<b>A CSR objective</b>
	<b>A CSR objective</b>
	<b>A sustainability strategy of 20:20:20:2</b>

	<b>Property Point</b>
	<b>CSR, Property Point and GBCSA</b>
	<b>Various associations memberships and participation such as SA REIT, SAPOA and NBI</b>

# Report scope and boundary

This report covers the period from 1 July 2020 to 30 June 2021 (FY21) for the Growthpoint Properties Limited Group's South African operations (Growthpoint).

The report provides an overview of the operations and performance of all businesses, which encompass the South African operations, excluding the V&A Waterfront (V&A) which is independently managed.

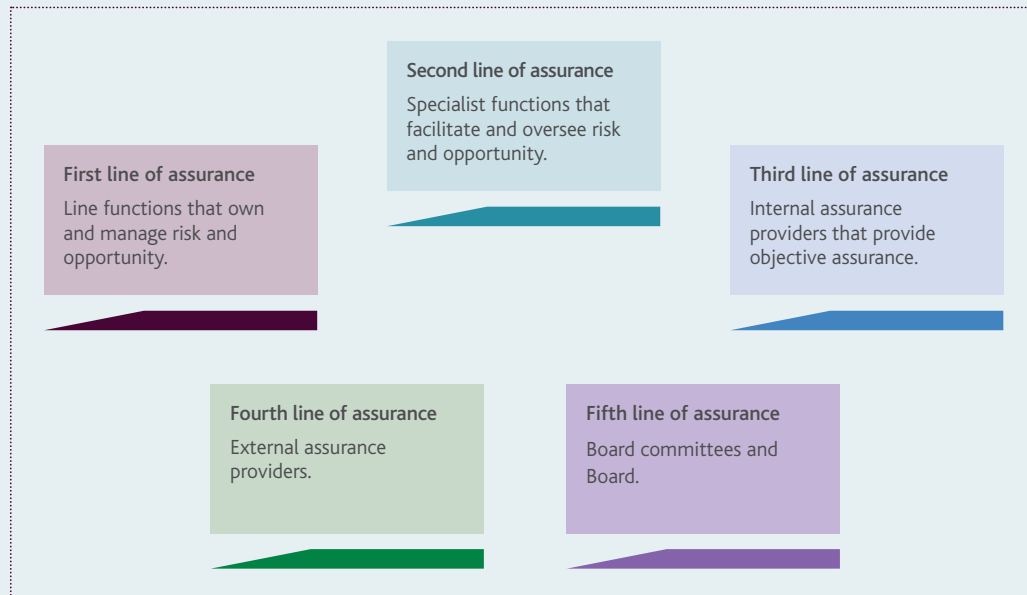
In preparing this report, we have identified and prioritised issues that may have a potential impact on our operating environment relating to performance and long-term sustainability of our company.

The report was prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Core elements of the recommended climate-related financial disclosures include Governance, Strategy, Risk Management and Metrics and Targets.

This report aims to inform our stakeholders about the objectives and strategies of the South African business operations, as well as its performance regarding financial, social, environmental and governance issues that could have a material impact on the long-term success of the business and therefore considered important by key stakeholders.

Growthpoint has undertaken a moderate independent assurance engagement in respect of selected environmental, social and governance information represented in this report for FY21. This engagement was conducted by a multi-disciplinary team including social, environmental and assurance specialists with relevant experience in sustainability and reporting. As part of the assurance engagement, the assurers determined whether Growthpoint adheres, in all material respects, to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact. The review of the annual carbon footprint was externally verified by a third party, under the international standard ISO 14064-3 (2006) specification with guidance for validation and verification of greenhouse gas assertions.

The following lines of assurance have been identified:



For the information that has not been assured externally, the Social, Ethics and Transformation (SET) Committee has obtained assurance with regard thereto by reviewing information from first-line providers of assurance that has been checked by second and third-line assurance providers, and by interacting with persons acting in an *ex officio* capacity who attended the special SET meeting convened to discuss the ESG report.

This report was approved by the SET Committee on 29 September 2021 and signed by:

*A. Sangqu*  
**A Sangqu**  
 Chairman of Social Ethics and Transformation Committee

*E. K. de Klerk*  
**EK de Klerk**  
 CEO: RSA

# How we performed in 2021

Overview  
Environmental  
Social  
Governance  
Supplementary information

## Salient features

RSA TOTAL GLA (m<sup>2</sup>)

**2021: 5 473 034**  
2020: 5 493 733

RSA PROPERTIES (number)

**2021: 432**  
2020: 440

RSA LTV

**2021: 35.1%**  
2020: 39.8%

RSA PROPERTY ASSETS

**2021: R68.8bn**  
2020: R72.3bn

RSA NET PROPERTY INCOME

**2021: R6 099m**  
2020: R5 857m

RSA INTEREST COVER

**2021: 3.2x**  
2020: 3.4x

## Inclusion in FTSE/JSE responsible index 12th year

FINANCIAL

CSR impact collective investment in CSR

**2021: R47.9m**  
2020: R44.1m

HUMAN

CSR impact value of scholarships to employees' children

**2021: R7.0m**  
2020: R4.8m

SOCIAL

CSR impact total number of beneficiaries

**2021: 9 749**  
2020: 13 308

## What differentiates Growthpoint

LARGEST SOUTH AFRICAN PRIMARY JSE-LISTED REIT

EXPERIENCED IN-HOUSE DEVELOPMENT CAPABILITY

UNINTERRUPTED TRACK RECORD OF PAYING DIVIDENDS

LARGEST SOUTH AFRICAN PORTFOLIO OF GREEN STAR RATED BUILDINGS

A FAST GROWING FUNDS MANAGEMENT BUSINESS

B-BBEE RATING LEVEL 1

DIVERSIFIED PORTFOLIO OF OWNED PROPERTIES WHICH ARE INTERNALLY MANAGED

# How we create value

## Our values



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 however liable for tax on any portion of dividends not declared to shareholders.

It is the most common structure for investment in property in international jurisdictions. As investment in listed property continues to globalise, the REIT structure has become a recognised international standard.

## REIT distribution

In terms of the dividend and dividend withholding tax provisions of the Income Tax Act, read in conjunction with section 25BB of the Income Tax Act, distributions received from a REIT will be taxed in the hands of the shareholder as follows:

### Resident shareholders

Dividends received by resident shareholders are taxed as income in the hands of the recipient, but are exempt from dividend withholding tax.

### Non-resident shareholders

Dividends received by non-resident shareholders are not taxed as a dividend for income tax purposes as the dividends are exempt in terms of the usual dividend exemptions, but are, however, subject to dividend withholding tax.

Shareholders are encouraged to consult their professional tax advisers if they are in any doubt about the tax implications for distributions received from Growthpoint.



144 Oxford Road, Rosebank, South Africa

# SET Committee chairman's statement



**Andile Sangqu**  
Chairman: Social, Ethics and Transformation Committee

We believe our strategy is being driven at the right level and has both the best in strategic thinking and the appropriate leadership commitment to move forward.



There has been an increased focus on environmental, social and governance (ESG) issues over the past 12 months. Social upheaval, the Covid-19 global pandemic, sustainable financing and commitments to carbon neutrality have been the main areas of focus and we have seen an unprecedented emphasis on ESG from the investment community. Task Force on Climate-related Financial Disclosures (TCFD) reporting and social bonds have been growing globally.

As the largest South African primary JSE-listed REIT, Growthpoint's focus on ESG is deliberate, and we fully acknowledge its importance. Businesses that ignore ESG do so at their peril. We do not want to be seen as a business that follows the trend or is only reactive to situations as they arise. Growthpoint has always been recognised for its good governance and industry leadership in the field of sustainability. There is a sharpened focus on ESG to ensure that it is woven into the fabric of the business, in its investment decisions and the execution thereof, to ensure sustainable value creation for all our stakeholders. Client and investor expectations on ESG are woven into the way we do business, because it is crucial that we build relationships based on trust to sustain our business. Some of these considerations have shaped the nature of our approach.

Our ESG strategy has been refined and articulated in a way we hope will be well-received by all stakeholders. It has been rigorously developed in a manner that underlines the intention and commitment of the organisation's leadership. A detailed climate-related impact assessment and an initial social impact study were undertaken in FY21 and these have helped to inform our ESG strategy.

While the complexity of the ESG space makes it challenging to meet all expectations, Growthpoint has identified issues that are material to the business. In some instances, the execution of our strategy will take longer than we would like as we strive to better understand these issues. Nevertheless, we believe our strategy is being driven at the right level and has both the best in strategic thinking and the appropriate leadership commitment to move forward.

Growthpoint has used international performance benchmarks and guidelines to set clear, ambitious commitments and leadership responsibilities. We are measuring ourselves against the best in class. Instead of conducting a shallow "tick box" exercise, we have created a firm foundation for an integrated approach to ESG that is deeply embedded in our organisation. To this end, it is heartening to see the robust co-operation of senior management at the Social, Ethics and Transformation (SET) Committee meetings where ESG is mandated. In the year under review, we updated the SET terms of reference to be more specific on the nature of the issues addressed by this forum, including climate change.

Furthermore, equal weighting has been given to all ESG issues. Although the social element is in a mature phase, the environmental focus needed fine-tuning. Our governance frameworks, meanwhile, are well placed to ensure that the organisation remains a relevant and responsible corporate citizen and there are demonstrable programmes on which the Board engages through the SET Committee.

There are definitely going to be challenges though and these must be faced with pragmatism. It would be unrealistic to believe that implementing the planned initiatives will come without cost, so we need to ensure that there is a multi-year commitment to the funding of ESG projects. Without sufficient funding the strategy would remain on paper. The regulatory environment for some of these issues is also unclear, with the possible change to the carbon tax in 2023, higher national GHG reduction targets and the pending introduction of a green finance taxonomy. As these changes could impact the business, it is vital to remain well-informed about pending regulatory changes and topical and pertinent issues relating to ESG. As Growthpoint is operating in the Covid-19 context, there are increased building vacancies and this can also hinder ESG momentum. We need always to be aware of the risks – physical or transitional – which could affect our plans, but we do see opportunities for the company to increase our sustainability efforts.



## As the largest South African primary listed REIT, Growthpoint's focus on ESG is deliberate and we fully acknowledge its importance.

The reduction of regulation relating to solar energy production and the fact that independent power providers are now allowed to develop up to 100MW without a licence from the regulator means there is scope to expand our investment in this regard. There is also potential for the wheeling of solar if we are able to find a buyer for our renewable energy, or reach agreements with local municipalities to sell green power into the grid. We are encouraged by the team's continuous exploration of sustainable finance options and feel optimistic that we will soon see developments in that space.

But we are not rushing and are instead committing ourselves to take comprehensive steps forward. While this strategy is undoubtedly a milestone, additional time is needed to measure and implement some of its facets.

It is also important that the ESG strategy becomes embedded in our employees' KPIs. It is currently a mandate for the company's executives but we intend to extend it to all employees and make it an integral part of our whole organisation.

Growthpoint's ESG outlook:

- Continued leadership commitment, from the Board and senior management
- A drive to embed the ESG strategy throughout the organisation
- Ongoing application of international and local best practice
- Re-enforcement of initiatives in place, with a commitment to remain relevant through the application of our ESG strategy.

Continuous learning on the subject is non-negotiable, and this applies to all levels of the organisation. Growthpoint can, however, already take credit for its bold approach to all matters relating to ESG.



**Andile Sangqu**

*Chairman of the SET Committee*

# CEO: RSA overview



Estienne de Klerk  
CEO: RSA

Governance at Growthpoint contributes to living our values through enhanced accountability, a transparent and ethical culture, sound risk management, a focus on effective control of the business, legitimacy and robust performance.



The property sector in South Africa continues to find itself in challenging times and Growthpoint has not escaped unscathed. The Covid-19 pandemic has forced a reset of the industry and there is scrutiny of the REIT business model's appropriateness for our business given the current SA REIT regulations.

In South Africa Growthpoint has a diversified portfolio in retail, office, industrial and healthcare. Our business is focused in investment, property funds management, development and property administration services.

In the year under review, we continue to embrace ESG into our business and are proud of the strides we have taken to further embed the issues into all aspects of our operations. A major achievement was the formalisation of our ESG strategy for South Africa receiving approval from our Board. We have developed an ESG position statement for Growthpoint.

Further in this report we have provided an overview of our strategy and the issues that will be impacted by this approach. It was heartening to see that many of the issues were well developed and only needed tweaking and were not new focus areas needing development. This affirmed that our values were being lived and we have indeed been conducting our business as a responsible corporate citizen.

We are operating in an environment of deteriorating ethics outside the company which cannot be ignored. Growthpoint is aware that we need to ensure that all staff are aware of ethically sound practices and that engagement with all stakeholders are conducted in the same vein. We have conducted an ethics survey in August 2021 and are awaiting the results. This will provide us with insight on how we address ethical concerns within the business.

As mentioned in last year's report we have undertaken a review of our activities on the environmental and utilities approach. We have affirmed that our value creation through sustainability and the six steps to sustainable change governance framework are still relevant for our business.

The management of utilities remains a highly complex area of the business. Accuracy of billing, minimising usage and working with the different local municipalities are key focus areas. Good relationships with municipalities have facilitated our ability to make progress in resolving our queries by enhancing our capabilities with technology for early detection and improved governance. Work is still required and we continue to question the unrealistic rates increases our sector is subjected to.

We have set targets to reduce our greenhouse gas emissions, purchased energy, water and waste while improving our investment in renewable energy. Finding our pathway to carbon neutrality was an intense exercise using science-based target (SBT) modelling as a base. Through various efforts we believe we can become carbon neutral by 2050 using a 1.5 degree celsius scenario. Our model has not considered the proposed renewable energy investment by Eskom. We support Eskom's agenda to invest in renewable energy and look forward to the positive impact this will have for energy supply continuity as well as the environment.

This year also saw us work towards attaining a better understanding of climate change on our business and what the financial impact would be on our business. We undertook a climate risk assessment impact review looking at over 450 indicators and applying two scenarios i.e. hot house world and disorderly transition with a 2 degree celsius temperature increase. There is no doubt that this is a complex issue and we are learning more as we travel along the path of reducing our climate risk exposure and explore the opportunities for adaptation and mitigation.

Most companies have been given a lifeline with regards to the increase in the private power production to 100MW. We look to embrace this opportunity and are actively searching for ways to improve our solar investment that will benefit Growthpoint and its tenants. This also works well in light of the carbon tax and possible changes that could come when the legislation is reviewed in 2023.

## The global pandemic continues to help us appreciate the interconnected nature of ESG issues.

South Africa is one of the world's most carbon-intensive nations. The Climate Change Bill expected to be finalised in the current calendar year could possibly put additional pressure on business to address their carbon contributions. South Africa is due to present an updated National Deposits Contributed (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) for COP26 at the end of 2021. This international commitment will come home to roost and the pressure will be on business to help the nation meet its targets and the commitments made in line with the Paris Agreement. The proposed NDC targets align with planned policies and looks to take advantage of international funding opportunities while having a positive impact on a just transition. Growthpoint can make a contribution, albeit small, towards the country's carbon reduction efforts.

We have seen in the last year the green economy starting to play out in Europe. South Africa is working on its own green economic plan and although it is in an early stage, we appreciate the necessity of this to keep the country and its products globally relevant. Growthpoint believes that further engagement is needed with the property sector for there to be a full appreciation of the challenges and opportunities that exist in our sector.

Growthpoint was the first corporate to list a Green Bond in 2018 in the Green Segment of the Interest Rate Market on the JSE. We are proud of this initiative demonstrating our participation and commitment to a green economy.

The global pandemic continues to help us appreciate the interconnected nature of ESG issues. In South Africa we see this uncertainty in the health, political, social and economic spheres, which is being exacerbated by the inability to access property infrastructure due to failing municipalities and state-owned enterprises.

We stepped up to the plate where Covid-19 relief was required, and our staff have worked extremely hard to assist tenants where we can, especially those in the restaurant and tourism industries. A number of employees contracted Covid-19, whom we supported. Sadly, one of our colleagues passed away during the year due to Covid-19, and we extend our heartfelt condolences to his family, colleagues and friends. We continue to ensure that our people and the properties they manage adhere to the recommended Covid-19 protocols.

Our engagement with our staff is ongoing, taking the form of presentations, emails, texts and online communication. This year has included an employee engagement survey, the results of which are currently under review.

In our efforts to attain gender equality we participated in a gender pay gap research project and fared well overall. Skills are in short supply in South Africa and even shorter in our industry and we continue to work to appeal as a preferred employer.

We have been rigorous in relation to the implementation of all necessary Covid-19 protocols as health and safety responsibilities remain paramount in our business. Efforts to facilitate staff wellness have been extended to address relevant health and safety concerns. Insurable risk is minimised with continual monitoring using our Risk Information Management System (RIMS).

As part of our ESG strategy our UN SDG focus areas were affirmed. We are proud of our work addressing these global concerns and will continue our efforts to make a positive impact on these within the course of our business.

# CEO: RSA overview *continued*

 <p><b>2</b> ZERO HUNGER</p>	<p><b>A CSR objective</b></p>	 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>Property Point</b></p>
 <p><b>4</b> QUALITY EDUCATION</p>	<p><b>A CSR objective</b></p>	 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p><b>CSR, Property Point and GBCSA</b></p>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p><b>A sustainability strategy of 20:20:20:2</b></p>	 <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>	<p><b>Various associations memberships and participation such as SA REIT, SAPOA and NBI</b></p>

Engaging on ESG, particularly with financiers and investors has been prominent. We welcome the engagement with all stakeholders and use this as a way to inform our disclosure on these issues.

Growthpoint remains an active member of associations and takes leadership roles at many of these associations. We are active in the SA REIT Association, SA Property Owners Association (SAPOA), South African Council of Shopping Centres (SACSC), the Property Industry Group and the Green Building Council South Africa (GBCSA) working toward common goals relating to tax, addressing transformation, municipal challenges and undertaking research on issues such as ESG and how the sector addresses it. We are also a member of the National Business Initiative, a voluntary coalition of South African and multinational companies, working towards sustainable growth and development in South Africa.

We have updated our environmental policy and this review was undertaken to limit our environmental impact. There was extensive collaboration to develop a Local Economic Development and Transformation (LED) policy. This outlines the principles and procedures to be adhered to when engaging with business in local communities within which Growthpoint operates. This policy aligns with our socio-economic objectives. The environmental policy and LED policy were approved by the SET committee for submission to the Board. Other policy developments include our flexible work policy and a Covid-19 policy. All policies are regularly reviewed and updated as deemed necessary.

Growthpoint engaged a consultancy to undertake a high level social impact assessment. The primary objective was to strengthen the systems for assessing and managing social risks in new developments, existing properties, refurbishments, disposals, and acquisitions. The secondary objective was to provide strategic recommendations on an integrated approach to ESG management aligned with International Finance Corporation (IFC) expectations and potential similar requests from other investors. These expectations arose following the IFC's USD20m investment into the Healthcare Fund as well as a four-year USD60m convertible loan facility from the IFC, with the IFC having the option to convert the loan into Healthcare equity. The process was to interview employees in relevant departments as well as review appropriate documentation. The results have been assessed for incorporation into the business.

Governance at Growthpoint contributes to living our values through enhanced accountability, a transparent and ethical culture, sound risk management, a focus on effective control of the business, legitimacy and robust performance.

There has been an increase in regulatory and financial pressures on business and we acknowledge the need to maintain a balance between delivering on the expectations of shareholders, regulators and other stakeholders and ensuring a sustainable business. We believe that the financial performance of Growthpoint in the year under review is evidence that governance processes and structures are resilient and robust.

One of the key governance focus areas for FY21 has been to improve our ethics framework and provide more visibility on ethical issues relevant to our business and the South African environment.

As disclosed further in this report, we have tracked our progress relative to our targets and we are pleased with our efforts. Our B-BBEE rating of a level 1, is hard earned and we will work hard to maintain this rating. It does not diminish the need to remain cognisant of the transformation challenges within South Africa and we are committed to working towards a more just society. The intention is for us to disclose an updated transformation strategy for our business by the end of December 2021. This will replace the current strategy developed in 2017.

Our CSR activities continue to provide social and economic value to Growthpoint and the stakeholders that we engage with. This is evident in the level of local relationships we have through Property Point, particularly in the social unrest that took place in July 2021. In the year under review our investment in Property Point has resulted in an additional 24 full time jobs and 1 066 jobs were sustained.

Growthpoint has taken the issue of gender-based violence very seriously. As one of the matters made more prominent by Covid-19 we have provided support for employees where needed. It is also one of the pertinent issues addressed by our CSR team.

The need to enhance our monitoring and evaluation of our CSR efforts is receiving due attention. We believe it is important that we continue to invest in projects that deliver long-term sustainable value to the communities and stakeholders that we partner with.

It has become evident that we need to work with our various community stakeholders to facilitate technological enhancement. This is necessary for our partners to keep up with the highly digitised world they operate in.

Growthpoint is committed to making a constructive contribution to improving the quality of education in the country. We have funded the training of early childhood centre practitioners for the past five financial years. We have longstanding partnerships providing educational scholarships, bursaries in association with SAPOA and more recently a maths

and science teacher development programme. We have a well-developed graduate programme with 12 graduates in the 2021 programme. Our flagship project, Growsmart, which has run for several years has reached more than 17 500 learners through its online learning platform. The youth development programme Growthpoint GEMS is designed to assist the education needs of employees' children. GEMS facilitated several interventions to assist with the migration to online learning and establish an ecosystem of support during the Covid-19 pandemic.

For FY21 Growthpoint remained on the FTSE/JSE Responsible Investment Index for the 12th year. We participate in the Global Real Estate Sustainability Benchmark and continue to be included as a constituent of the Dow Jones Sustainability Index. Growthpoint won the property sector category of the Investment Analyst Society of South Africa (IAS), excellence in financial reporting and communication awards for the 2020 financial year. We once again submitted carbon emissions data to the CDP (formerly known as Carbon Disclosure Project) where our rating improved to an A- from a B in our last submission.

This year we have undertaken our first independent assurance of a number of ESG indicators. This is a moderate assurance and will provide insight to our process as well as validity of our disclosure. We have previously only provided assurance on our GHG emissions and are pleased to have extended the scope of verification. The verification statements can be found in the performance data section of this report.

We are encouraged by the growing vaccination uptake in South Africa despite the slow start. We are optimistic that this will contribute to improving economic activity. ESG remains a priority for Growthpoint. Going forward we will be working on greater integration and collaboration to enhance Growthpoint's ESG ecosystem. In an everchanging world we will endeavour to deliver our best on the indicators that we can influence and ensure that we remain relevant, making a positive contribution to society, the economy and the world at large.



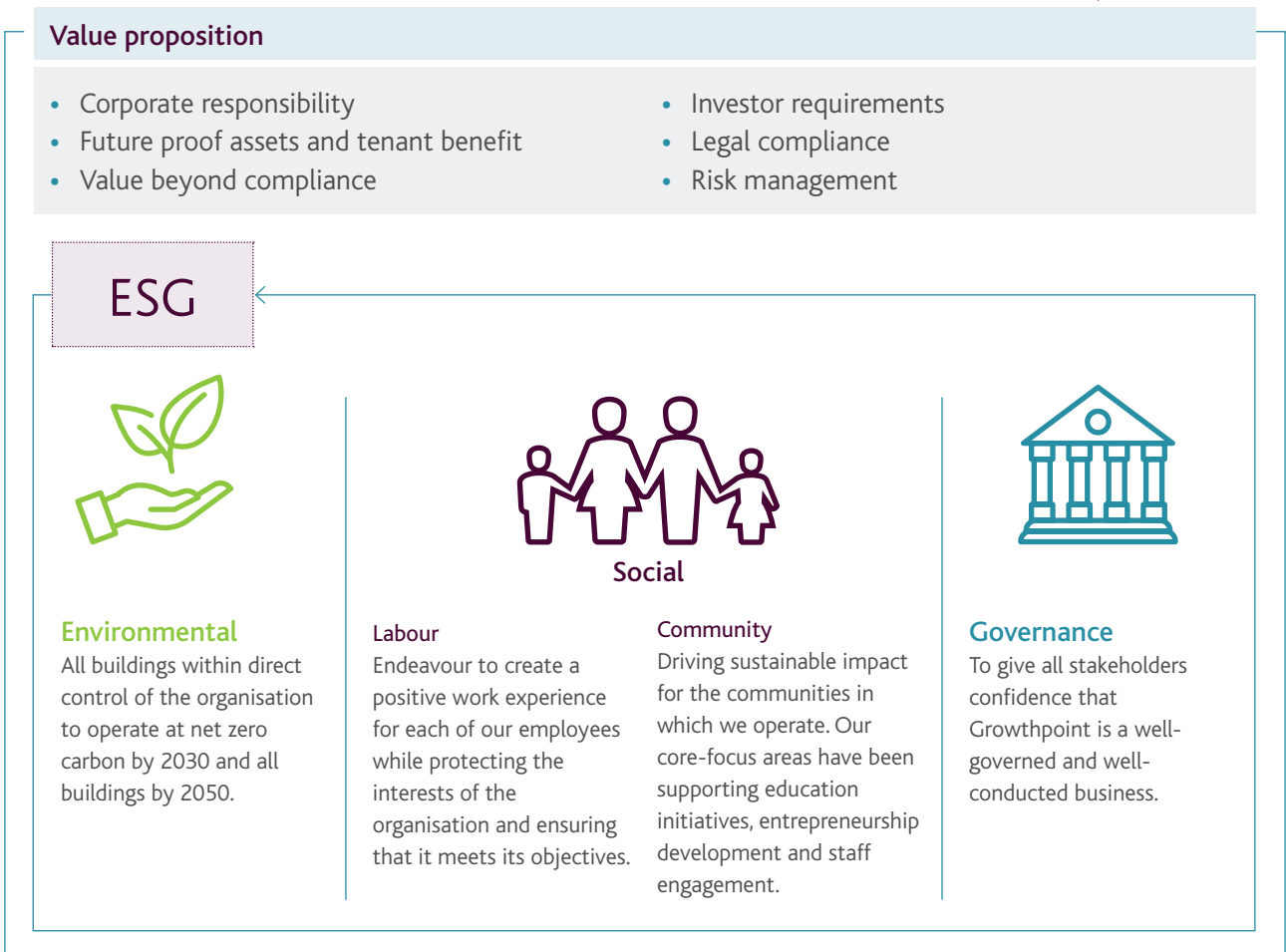
**Estienne de Klerk**  
CEO: RSA

# ESG strategy

## ESG position statement for Growthpoint

With integrity, ethics and our values guiding our governance, we provide space to thrive in environmentally sustainable buildings, while improving the social and material wellbeing of individuals and communities.

## ESG strategy



### Value proposition

- Corporate responsibility
- Future proof assets and tenant benefit
- Value beyond compliance
- Investor requirements
- Legal compliance
- Risk management

## ESG



### Environmental

All buildings within direct control of the organisation to operate at net zero carbon by 2030 and all buildings by 2050.



### Social

#### Labour

Endeavour to create a positive work experience for each of our employees while protecting the interests of the organisation and ensuring that it meets its objectives.

#### Community

Driving sustainable impact for the communities in which we operate. Our core-focus areas have been supporting education initiatives, entrepreneurship development and staff engagement.



### Governance

To give all stakeholders confidence that Growthpoint is a well-governed and well-conducted business.

## Growthpoint UN SDG focus



## What and how

### Environmental

- 20:20:20:2 targets
- Energy efficiency and green building certification
- Renewable energy investment
- Water efficiency
- Audit on waste service providers
- Waste: Zero organic waste to landfill
- Good indoor environmental quality
- Biodiversity: a focus in the next two years
- Green building guidelines for Growthpoint and property sector.

### Social

- Employee health and safety
- Employment equity targets for the next three years
- Living wage review
- Review of benefits for contractors vs full-time employees
- Diversity and inclusion committee
- Review of staff fit for the corporate strategy
- Focus on succession planning
- Meeting B-BBEE requirements
- Policy review and development
- Business partners to engage at least 60% of their designated employees to establish a trend analysis
- Conducting employee engagement surveys
- Accentuated wellness report to drive strategy EAP offering
- Revised wellness offering especially emotional wellness
- Prioritise mental wellness and enable managers to manage issues leading to deeper understanding of these issues
- Employee training and development.

### Education

Inclusion of technology in projects and proposals.

#### Early childhood development

- Training early childhood caregivers and practitioners.

#### Primary

- GEMS – Providing financial support for educating the children of low income earning staff at Growthpoint
- Growsmart – Maths and literacy programme for schools in underprivileged areas
- Introducing virtual access to the programme.

#### Tertiary

- Bursaries
- GEMS.

#### Skills development

- Graduate programme
- External learnerships (disability and work readiness focus).

#### Enterprise and supplier development

- Property Point enterprise and supplier development programmes
- Collaboration within the property industry
- To the Point sessions
- Local economic development.

#### Pertinent societal issues

- Staff engagement projects
- Gender-based violence
- Assisting vulnerable groups
- Urgent disaster relief challenges.

### Governance

- Integrated thinking approach to governance
- Compliance with King IV
- JSE Listings Requirements
- Annual review of the Board charter and each committee's terms of reference
- Disclose Board responsibilities and accountability
- Annual Board independence assessment
- Appropriate skills and experience on the Board
- Board rejuvenation
- Limited number of boards the non-executives can serve on
- Optimal meeting attendance
- Updated social and ethics committee terms of reference now include ESG
- Increased focus on cyber and information security
- Review of structure and skills to implement strategy
- Succession plan in line with updated structure
- Development of a clear ethics-framework and policy
- Develop and update ethics related policies
- Create awareness throughout Growthpoint
- Regular review and development of policies.

## Impact

- Reduced GHG emissions
- Utility efficiencies
- Cost savings
- Asset future proofing
- Tenant lower cost of rental
- Reduced impact on natural resources.

- Benefits of continual staff learning
- Business sustainability
- Employer of preference
- Employee wellbeing
- A safe work environment for employees
- Minimise health and injury-related risk within the workplace
- Talent management
- Meet employment equity objectives
- Conducive working environment
- Provides assurance to stakeholders that there are clear processes and procedures to guide and address issues.

- Supporting parents so they can support their children during online learning
- Address inequality and inequity
- Development of sustainable small businesses
- Diversifying our supply chain
- Stimulating job creation
- Address skills shortage
- Provides a safe place for vulnerable groups to seek help from domestic abuse
- Provided water and food parcels during Covid-19 and domestic riots alleviating hunger.

- Provide assurance to stakeholders that Growthpoint is a responsible company with sound leadership
- Adhering to regulatory compliance.

# 2021 Transformation progress

Growthpoint has achieved a B-BBEE level 1 rating. We are currently anticipating changes to the property sector charter and, as a result, will be doing a transformation strategy refresh at that point in time.

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
<b>Ownership</b>						
<b>B-BBEE ownership</b>	<ul style="list-style-type: none"> <li>Broad-based black economic empowerment (B-BBEE) deal with 10% of Growthpoint shares</li> </ul>	June 2018	No B-BBEE deals have been concluded at this stage. We have increased ownership with 50.31% black exercisable voting rights in the hands of black people and 27.94% economic interest of black people in Growthpoint	No B-BBEE deals have been concluded at this stage. We have a slight decline in ownership with 29.02% voting rights in the hands of black people and 17.53% economic interests of black people in Growthpoint	No B-BBEE deals have been concluded at this stage. We have, however, achieved 33.84% voting rights in the hands of black people and 21.06% economic interests of black people in Growthpoint	Growthpoint is exploring opportunities to set up a broad-based structure which can include a staff scheme, current corporate social investment (CSI) initiatives and strategic partners
<b>Structure net equity value</b>	<ul style="list-style-type: none"> <li>Realise a minimum of 40% of the annual targets</li> </ul>	June 2020	27.94%	19.36%	20.59%	18.41%
<b>Disposal of assets to black-owned entities</b>	<ul style="list-style-type: none"> <li>35% disposal to:                             <ul style="list-style-type: none"> <li>– 50% black-owned entities over a five-year period</li> <li>– A minimum of 20% of the 35% must be achieved in each year</li> </ul> </li> </ul>	June 2018	10.56% through the sale of the old Exxaro building to a 100% black-owned entity	Not achieved during the period. There has been no disposal to >50% black-owned entities	Not achieved during the period. There has been no disposal to >50% black-owned entities	11% disposals to >50% black-owned entities

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
<b>Management control</b>						
<b>Diversify the Growthpoint Properties Board</b>	<ul style="list-style-type: none"> <li>40% black Board members</li> <li>At least 25% black female appointees</li> </ul>	June 2019	Achieved 46.15% black Board members 23.08% black female Board members	Achieved 42.86% black Board members 14.28% black female Board members	45% black Board members 21% black female Board members	43% black Board members 21% black female Board appointees
<b>Diversify Executive Directors</b>	<ul style="list-style-type: none"> <li>25% black Executive Directors</li> </ul>	June 2019	Achieved 25% black Executive Directors	Achieved 25% black Executive Directors	Achieved 25% black Executive Directors	Achieved 25% black Executive Directors
<b>Diversify executive management</b>	<ul style="list-style-type: none"> <li>27% black executive management with at least 50% being black female</li> </ul>	June 2019	Achieved 21.43% black executive management 10% black female executives	Achieved 25% black executive management 10% black female executives	25% black executive management 10% black female executives	20% black executive management 10% being black female executive management



Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
<b>Employment equity</b>						
Diversify senior management	<ul style="list-style-type: none"> <li>Increase black senior management from 15% to 28%</li> </ul>	June 2020	20%	35%	34%	32%
Diversify middle management	<ul style="list-style-type: none"> <li>Increase black middle management from 32% to 45%</li> </ul>	June 2020	77%	67%	67%	67%
Diversify junior management	<ul style="list-style-type: none"> <li>Increase black junior management from 69% to 77%</li> </ul>	June 2020	80%	91%	90%	86%

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
<b>Skills development</b>						
Alignment of skills programmes with business needs	<ul style="list-style-type: none"> <li>80% of training offerings within category B, C, D of the skills matrix</li> </ul>	June 2018	Achieved 49% of training on B, C, D category	Achieved 47% of training on B, C, D category	Achieved	A training committee has been established to align our skills development programmes to our business needs
Training plan aligned to succession plan	<ul style="list-style-type: none"> <li>5% of leviab amount spent on black people (targets based on employee assistance programme (EAP) stats)</li> <li>40% minimum to be achieved</li> </ul>	June 2018	Achieved 3.04%	Achieved 3.08%	Achieved	Achieved
Implement a disability learnership programme	<ul style="list-style-type: none"> <li>0.3% of leviab amount is spent on disabled people</li> <li>A minimum of 40% must be achieved</li> </ul>	June 2018	Achieved 0.34%	Achieved 0.51%	Achieved	Disability learnership implemented with Sparrow FET College

## 2021 Transformation progress *continued*

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
<b>Preferential procurement</b>						
<b>Segmentation of procurement spend</b>	<ul style="list-style-type: none"> <li>40% procurement spent with companies who are at least 51% black-owned</li> <li>100% of all suppliers must be B-BBEE rated with 80% of suppliers on a minimum of a level 4</li> <li>12% procurement spend on companies who are at least 30% black women-owned</li> </ul>	Ongoing	46.37%	37.82%	22.61%	25%
		Ongoing	88% with 58% of suppliers on a minimum of level 4	66.75% with 45.38% of suppliers on a minimum of level 4 B-BBEE rating	48.47%	96%
		Ongoing	32.86%	11.93%	10.34%	9.7%
<b>Continued support and funding of Property Point</b>	<ul style="list-style-type: none"> <li>1% net profit after tax (NPAT) towards enterprise development</li> <li>2% NPAT towards supplier development</li> </ul>	Ongoing	2.28%	1.89%	5.62%	1.8%
		Ongoing	3.79%	3.79%	11.5%	3.3%

Objectives	Target set	Timeline targets	FY21	FY20	FY19	FY18
<b>Socio-economic development</b>						
<b>Annual value of all SED contributions of Growthpoint</b>	<ul style="list-style-type: none"> <li>1% NPAT towards beneficiaries that are black*</li> </ul>	Ongoing	1.24%	4.69%	9.63%	3.3%

\* Black refers to African, Coloured and Indian.

# Environmental

Growthpoint remains committed to protecting the natural environment and we continuously seek to find ways to do better in this regard for our tenants, our employees, society and our business.

## Environmental *continued*

The financial year 2021 has been a year of review and planning of our efforts to reduce our environmental footprint and impact. In the FY20 report we undertook to assess our approach and targets to ensure they aligned with our strategy of being relevant for our business, impactful for Growthpoint and our tenants, and beneficial for the natural environment and the societies in which we operate.

This approach led us to affirm many of our actions, but we also realised that some objectives might have been overly ambitious with unrealistic timelines while others we achieved with relative ease indicating that we could do more. In the context of a global pandemic, we have had to adjust to doing things differently.

A significant development this year was the formalisation of our ESG strategy that the Board approved. The refinement of our environmental approach as part of the strategy worked well with our promise to review these issues. We believe its integration into the business ensures that what we do at our assets is embedded in the Group approach. Our carbon-neutral strategy is being rolled out and applied throughout all levels of the business, and there are high expectations for implementation going forward. We will strive to meet these objectives.

Operating with environmental consciousness is no longer a nice-to-have but an imperative. Retaining our appeal as a "Space to Thrive" and our reputation for addressing environmental concerns is no longer a differentiator but a given. We can, however, stand out from the pack by fulfilling these objectives in a way that provides mutual benefit to Growthpoint and our tenants.

An extensive climate risk assessment was completed for the business. This is a complex issue. The findings have proven to be fundamental in refining our carbon strategy. Although we had decided to base this strategy on Science-Based Target initiative (SBTi) methodology, we will be withdrawing our formal commitment to the SBTi as it is proving to be onerous and inflexible for our specific business needs. We believe our approach and the annual tracking of our progress will provide our stakeholders with a sense of comfort on our progress. Furthermore, our GHG emissions are verified by a third party and this will provide additional assurance of our process.

We have worked closely with the service provider on our environmental dashboard and this has become more than a reporting tool or repository of information. We have used the data to become more proactive in tracking our utilities and addressing concerns before they become serious issues.

Our environmental policy was updated in line with these efforts and guides our actions on the critical issues of climate change, carbon emissions, biodiversity and energy, water, waste and renewable energy investment.

Utility management is at the heart of our sustainability efforts. Despite working in challenging circumstances, our team is persistent in pursuing the best outcome and

continuous service delivery for our tenants. This often means undertaking difficult engagements with local municipalities.

Price escalations remain a primary concern, especially in the current economic environment where our tenants are struggling to keep the doors open. Through ongoing tenant engagement, a key component in our service delivery, we remain abreast of their needs and the best options to limit their expenses.

Our primary stakeholders for the Sustainability and Utilities team are local municipalities and internal departments and the team has indirect engagement with tenants and the public. We recognise that there is an opportunity to enhance our engagement with external stakeholders through digital communication channels such as our website, social media and communication campaigns. We want to drive harder and be more consolidated and coordinated in our communication strategy. We are very active in industry engagement and use various platforms to engage with our audience.

Risk mitigation and investment opportunities are our key drivers, with a considerable driving force coming from the policy and regulatory spheres. Equally, the policy and regulatory environment can be a big inhibitor. For Growthpoint, compliance is essential. We are working towards steady improvement against standards such as SANS 10400 XA Energy Efficiency Regulations and the recently released Energy Performance Certificate (EPC), energy generation capacity and our reporting on them.

There is a clear link between the environment, society and the economy. The negative impact of Covid-19 on our ability to deliver on our objectives has revealed the level at which these elements are intertwined.

The company's environmental performance and other related sustainability information are provided quarterly to the Board and the SET Committee. Environmental issues and their business and social impacts form part of the SET committee's responsibility.

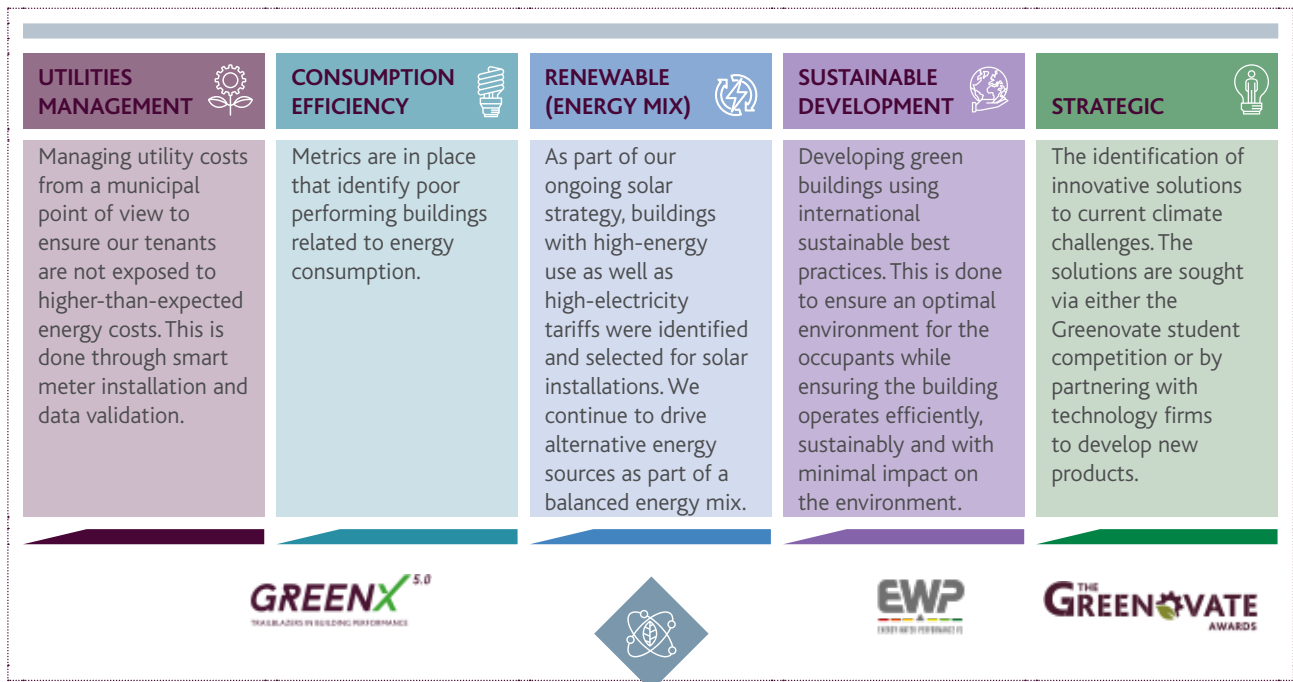
### Affirmation of our approach

As Growthpoint, we remain steadfast in our commitment to protecting the natural environment. We appreciate that this is only genuinely possible in collaboration with our tenants, employees, and society.

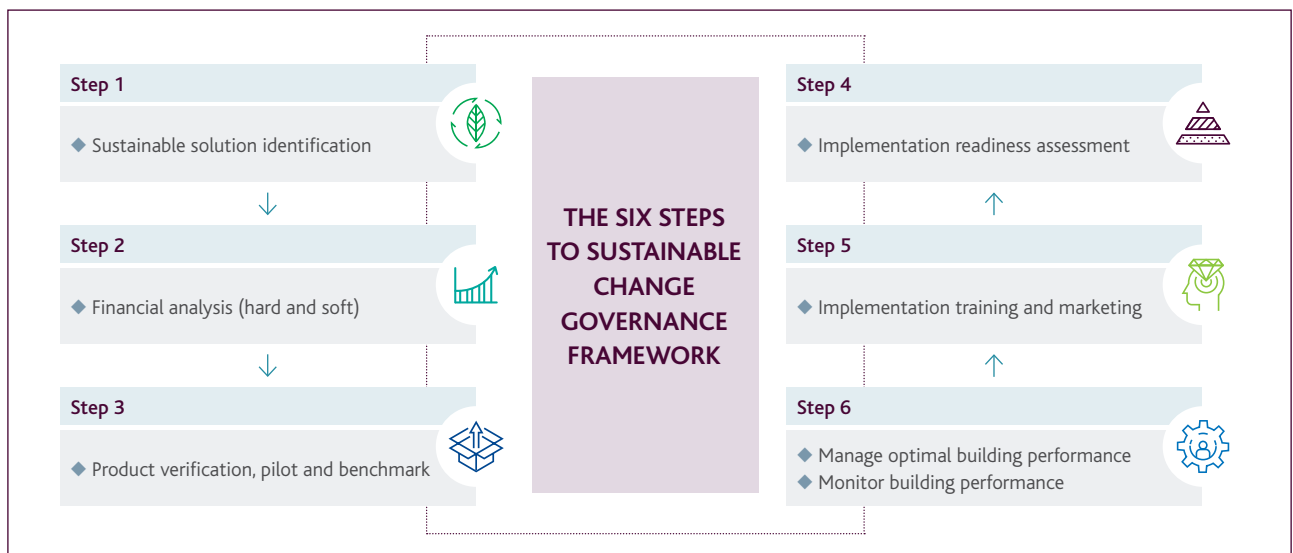
We also believe that value creation through sustainability is the approach for our business. We will be using these to inform the evolution of our strategic approach. The five focus areas include:

- Utility management
- Consumption efficiency
- Renewable energy mix
- Sustainable development
- Our strategic approach.

## Value creation through sustainability



Our value creation is supported by the six steps to sustainable change governance framework. This too was assessed and remains relevant for our business.



20:20:20:2 is a declaration of our specific targets. These targets aim to achieve 20 net-zero buildings, 20MW of solar energy, R20m worth of green lease recoveries for Growthpoint, and two commercially implemented Greenovate Awards ideas.

As predicted last year, the Covid-19 pandemic affected our progress towards achieving the 20:20:20:2 targets. In addition, timelines were adjusted to be more realistic as we encountered challenges to implementation. However, this does not diminish the vigour with which we will pursue these targets.

# Environmental *continued*

	20	20	20	2
<b>Targets</b>	20 net-zero buildings	20MW of solar energy	R20m worth of green lease recoveries for Growthpoint	2 commercially implemented Greenovate Award innovations in FY20
<b>Adjustments</b>	FY25	FY22	Adjust to asset value increase plus recovery FY25	FY22

In addition to these targets, Growthpoint remains a committed member and participant of the GBCSA and constantly pursues Green Star certifications.

## Priorities and targets

We must be clear on our priorities. The targets we set for these priorities are essential. The following are key priorities for Growthpoint:

- Energy efficiency and green building certification
- Renewable energy investment
- Waste: zero organic waste to landfill
- Net zero carbon buildings
- Refrigerant management
- Water efficiency
- Water: borehole registration
- Audit of waste service providers
- Indoor environmental quality
- Biodiversity: complex focus over the next two years
- Green building guidelines for Growthpoint and property sector.

These elements will be the primary contributors to our carbon neutral pathway

relating to this issue have also been considered in the development of our approach. Using 2020 as our base year, we have assessed the environmental data to develop a carbon-neutral roadmap with clear milestones and targets using SBTi methodology.

### The objective:

- To become carbon neutral by the year 2050.

### How:

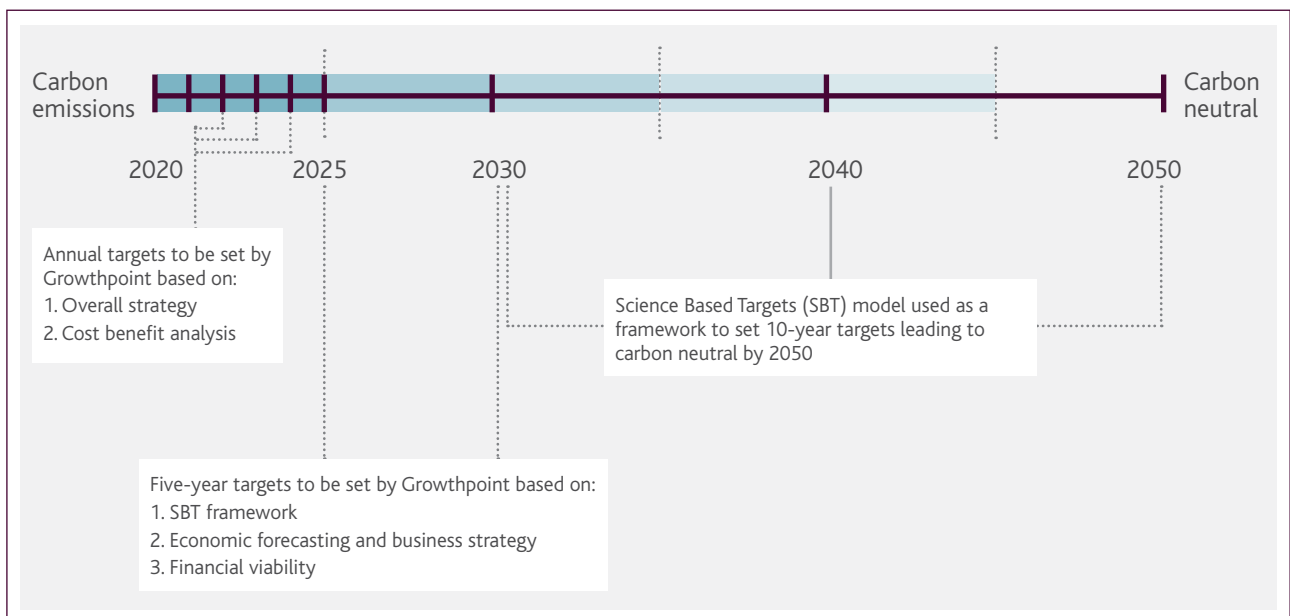
- Applying the value creation through a sustainable approach
- Implementing the six steps to sustainably change governance framework
- Meeting the 20:20:20:2 targets.

### Tracking our progress:

We have to accept that the annual targets will change depending on our progress from one year to the next. We also have five- and 10-year targets to assess our progress against, and help us determine the intensity of the annual targets.

## The approach

Key internal stakeholders have engaged with consultants to establish a clear and shared understanding of the business objectives concerning carbon. The concerns and challenges



Focus area	Baseline year 2020	Target year 2026
GHG emissions total – tCO <sub>2</sub> e	760 912*	<b>569 162</b>
GHG emissions intensity – tCO <sub>2</sub> e/m <sup>2</sup> /pa	0.142	<b>0.106</b>
Energy intensity – kWh/m <sup>2</sup> /pa	135	<b>77</b>
Renewable energy – MW installed	7.5	<b>46.0</b>
Water intensity – kl/m <sup>2</sup> /pa	1.14	<b>0.5</b>
Waste		<b>Zero organic waste to landfill</b>

\* Includes all buildings.

## Carbon emissions

Reducing our carbon footprint is a critical component of our environmental strategy. The path to carbon neutrality by 2050 is based on our 2020 emissions. To keep on track, annual targets will be set and, where necessary, adjusted in line with our net-zero objective. The two most substantial contributing factors to our carbon neutral targets are energy efficiency (which we measure as energy intensity) and renewable energy generation.

Operating in a region where fossil fuel is the primary energy source provides additional challenges to our carbon reduction efforts. We need to be cognisant that our objective is being undertaken in the context of enhanced economic activity, a desire to reduce our environmental impact and create social benefits that align with national and international objectives such as the NDP and UNSDGs. All this must be done with a keen awareness of a just transition to a lower carbon emissions economy.

Our focus on data integrity is ongoing. The environmental dashboard has provided us with additional insights on the elements contributing to our GHG emissions. Growthpoint's boundary for our carbon footprint is operational control and management. In FY21, 4 752 934 m<sup>2</sup>, or 98.5% (FY20: 95.6%) of the GLA in our portfolio was reviewed. This figure excludes triple-net leases and single-tenant buildings such as hospitals.

The footprint also excludes four of eight buildings sold during FY21. The conversion factor used for electricity from Eskom is 1.06 as per the conversion rate for the year under review. One tonne of carbon in FY21 cost us an average of R2 417 (FY20: R1 954). A contributing factor to the increase in cost is the increase in electricity tariffs.

The review of our annual carbon footprint is verified by a third party under the international standard ISO 14064-3 (2006) specification and guidance for validation and verification of greenhouse gas assertions. The verification statement can be found in the performance data section on page 69. For all buildings reviewed in FY21, we purchased electricity from Eskom or local municipalities and diesel for generators. Solar power was provided by a few of our solar plants dedicated to the property on which it was placed.

Growthpoint is aware of pending legislation relating to the green economy (the draft Green Finance Taxonomy paper set out by National Treasury) and the potential changes in existing legislation such as carbon tax.

Development in FY21 was minimal, but we remain confident that all new developments are on track to achieve a minimum 4-Star Green Star SA rating – or higher for new office developments. As part of a COP21 commitment, Growthpoint is dedicated to having all its long-hold commercial buildings attain a minimum 4-Star Green Star SA rating by 2020. We have ratings for 57 buildings in our office portfolio. That said, we acknowledge the importance of adjusting our certification approach to be more relevant to the building under review. In FY21, 13 buildings attained new certifications and 11 buildings were recertified. Our goal of increasing our net zero certified buildings was not realised because we underestimated the time and complexity associated with achieving net zero certification. Other factors and events had a limited impact, but we continue to work toward this.

We also take a responsible approach to the refrigerants used in our HVAC systems and phasing out HCFC/R22 gases in accordance with recommendations of the Montreal Protocol.

# Environmental *continued*

## GHG emissions for FY21

Source	FY21 total metric tCO <sub>2</sub> e	FY20 total metric tCO <sub>2</sub> e
<b>Scope 1</b>	<b>2 112</b>	3 869
Mobile fuels (company cars)	30	19
Stationary fuels (generators)	1 255*	869
Product use: refrigerant gas (Kyoto Protocol)	827**	2 981
<b>Scope 2</b>	<b>76 546</b>	42 708
Purchased electricity (location based)	76 546***	42 708
<b>Scope 1 and 2 total</b>	<b>78 658</b>	46 577
<b>Scope 3</b>	<b>592 278</b>	653 579
Category 1 – Purchased goods and services: water	2 763	3 079
Category 1 – Purchased goods and services: paper	13	43
Category 4 – Upstream transportation and distribution: courier	6	10
Category 5 – Waste generated in operations	7 144	7 987
Category 6 – Business travel	118	742
Category 7 – Employee commuting	627	1 033
Category 13 – Downstream leased assets: purchased electricity	581 608***	640 685
<b>Total Scope 1, 2 and 3</b>	<b>670 937</b>	700 156
Out of scope – non-Kyoto refrigerants (R-22)	1 611	1 869

\* Increase due to better data availability.

\*\* Less refrigerant gas was used in FY21.

\*\*\* For FY21 all common area electricity was moved from scope 3 to scope 2.

## Climate change risk assessment

One of our achievements in FY21 was executing a detailed climate-change risk assessment, which proved to be informative in setting our targets. A total of 454 climate-related risks and impacts were identified as part of this process.

Two scenarios were developed – a Hot House World (HHW) scenario and a Disorderly Transition (DT) scenario.

### HHW assumes:

- Currently implemented policies are retained and emissions grow until 2080 to 3°C+ of warming and see severe physical risks which result in disorderly transition
- Physical risks are high and aligned to the representative concentration pathway (RCP) 8.5 scenario
- Transition risks are aligned to the reference technology scenario (RTS), which reflects the realities aligning South Africa's Nationally Determined Contribution (NDC) and is consistent with current emission ambitions.

### DT assumes:

- Net-zero emissions are achieved before 2070, allowing for a 67% chance of limiting global warming to below 2°C
- Emissions reduction efforts are taken relatively late and limited by available technologies, with policies only being introduced in 2030
- Responses are sudden and unanticipated, resulting in disruption.
- Transition risks align with the 2° scenario (2DS) and risk is regarded as high due to the sudden nature of efforts to decarbonise
- Physical risks are lower and align to the RCP 4.5 scenario, which aims to limit warming to below 2°C.

## Making sense of the concepts

**RTS** – The reference technology scenario considers existing or expected buildings energy policies that would improve the energy efficiency of end-use technologies but that would not sufficiently address uptake of highly efficient and advanced buildings technologies across the world's buildings stock. These policies are expected to lead to an average global temperature increase of 3°C.

**2DS** – The 2 degree scenario is consistent with the goal of limiting the global average increase in temperature to 2°C and includes an increasingly aggressive deployment of highly efficient buildings.

**RCP** – A representative concentration pathway is a greenhouse gas concentration trajectory adopted by the Inter-governmental Panel on Climate Change (IPCC) and is used for climate modeling and research.



The project sought to understand these with TCFD recommendations. This project aimed to assess risk in terms of climate change and undertake an independent assessment of the risks and opportunities that Growthpoint faces, drawing on climate science and scenario data. The objectives of this climate-related impact assessment are to:

- Identify direct and indirect physical and transition climate-related risks to selected Growthpoint assets in Gauteng, the Western Cape and KwaZulu-Natal
- Develop a risk register outlining the climate-related risks and risk drivers
- Qualitatively assess Growthpoint’s climate-related financial impact on projected climate change risks.

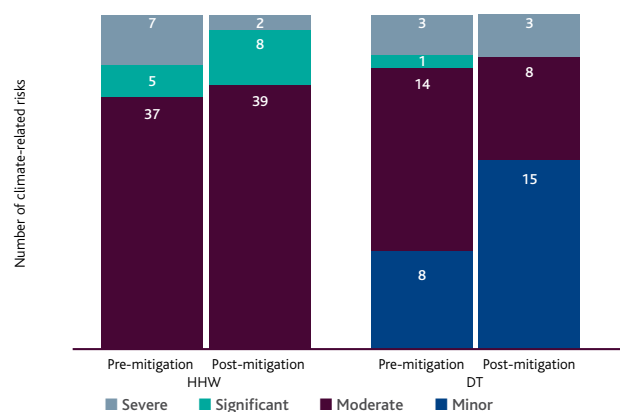
The assessment identified ten “significant” and “severe” climate-related financial impacts relevant to properties situated in Johannesburg, Cape Town and Durban. These risks and impacts related to:

- Energy security
- Water security
- Infrastructure
- Building vacancy.

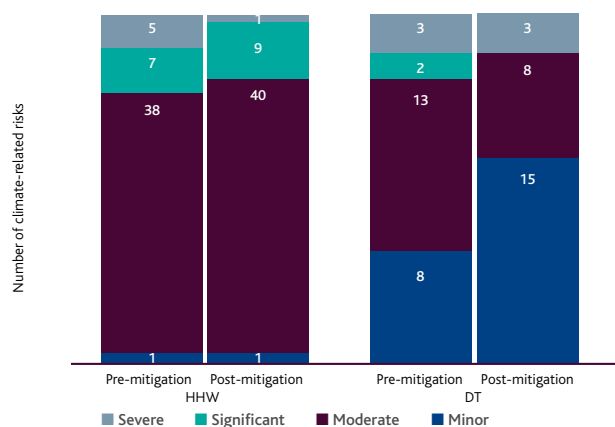
### Climate-related financial impact severity ratings

Rating	Financial rating description
<b>Negligible</b>	Insignificant financial impact (<R1m financial loss or increase in operating or capital expenditure)
<b>Minor</b>	Minor financial impact (R1m – R5m financial loss or increase in operating or capital expenditure)
<b>Moderate</b>	Moderate financial impact (R5m – R100m financial loss or increase in operating or capital expenditure)
<b>Significant</b>	Major financial impact (R100m – R500m financial loss or increase in operating or capital expenditure)
<b>Severe</b>	Severe financial impact (>R500m financial loss or increase in operating or capital expenditure)

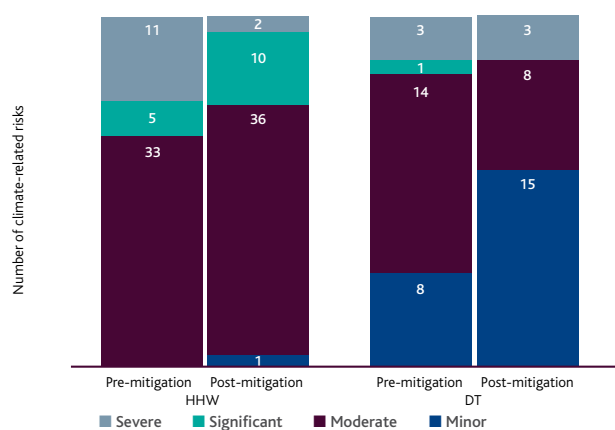
### Climate-related risks pre- and post-mitigation in Johannesburg under HHW and DT



### Climate-related risks pre- and post-mitigation in Cape Town under HHW and DT



### Climate-related risks pre- and post-mitigation in Durban under HHW and DT



It is evident that the severity of many of these risks – in all three regions, decreased due to management activities and mitigation efforts already employed by Growthpoint. This improvement indicates that we have already made good strides in reducing climate risk and that our current strategy is attuned to the challenge.

The opportunities identified include:

- Increasing renewable energy investment for energy continuity and cost reduction through 20:20:20:2 strategy
- Engaging with regulators and ministries driving the green economy agenda
- Reducing emissions and the possible liability for all through a green addendum, which is part of our carbon neutral strategy
- Design flexibility and Green Star Ratings
- Utility optimisation through smart meters and the internet of things
- Investing in water storage to ensure continuity of supply and support tenant needs
- Investing in water harvesting systems
- Influencing behavioural change
- Reducing reliance on municipal energy supply and implementation of our 20:20:20:2 strategy
- Ensuring materials used provide greater resistance to extreme weather events, reducing the cost of repairs
- Ensuring safe (healthy), appealing spaces with continued energy supply.

## Environmental *continued*

A consolidated table of the risks identified, the mitigation steps taken and the financial impact can be found in performance data section on page 76.

### Carbon tax

Growthpoint partakes in listed activities that, together, meet the requirements for carbon tax to apply (energy production from fossil fuels in generators). Emissions from diesel and petrol are not subject to direct tax, which is already paid in the purchase price and we have registered for the tax. However, we expect this to affect us by 2023 when the legislation is scheduled for review.

A reduction in the use of fossil fuels would be optimal. This would lessen exposure for both our tenants and ourselves to carbon emissions. By improving energy efficiencies, implanting our solar investment plans and working to effect behavioural change at our buildings, our efforts would mitigate risk on the financial and environmental levels.

We submitted information on our back-up generator capacity to the Department of Environmental Affairs. The 2020 review finding was that we have a generation capacity of 373 megawatt thermal (MWth) from 371 generators nationwide (2019: 377 MWth from 372 generators).

### Energy

Energy remains a key factor for our business and Growthpoint continually assesses the security and management of energy supply. The price of energy and cost of load shedding have been strong drivers for the investment in renewable energy.

We have seen a steady decline in our tenants' use of purchased energy. This can be attributed to the fluctuation of national lockdown levels, continued work-from-home efforts and behavioural changes. We have, however, seen an increase in the use of generators due to ongoing load shedding by Eskom. The energy intensity factor for all energy used is 126.82kWh/m<sup>2</sup>/pa (FY20:137.06kWh/m<sup>2</sup>/pa).

Over the past year we have seen the emergence of EPC compliance, which requires that all buildings publicly display how much energy they use. There is a standard set and building owners must have third-party verification by SANAS accredited inspection body. Growthpoint will undertake this as required and we anticipate that the market will welcome EPC.

### Solar

Solar is an exciting opportunity for the business and we are optimistic that we will attain our 20MW solar power by the end of FY22. Not only will investment in renewable energy contribute to our carbon emission reductions, but it will ensure continuity of supply to our facilities. There is a strong business case with an average ROI of four to five years. The prime drivers

are price reduction in solar investment and the increase in the cost of electricity purchased. Currently the annual cost of maintenance of our solar plants is R1.4m.

The announcement that companies can now invest in solar plants of up to 100MW without the need for a generation licence from the national regulator has further fueled our enthusiasm towards renewable energy. Our initial focus will be on solar production and battery storage. While this is an encouraging development, it does not negate the need for other checks nor plant registration with the National Energy Regulator (Nersa). It is important for the integrity of the plant and the building that all necessary procedures be followed. This means there is still extensive project administration involved in our solar investment projects.

Growthpoint believes there is a huge opportunity to feed green energy into the grid. The viability of such an undertaking will depend on the willingness of municipalities to allow it and the rate they would be prepared to pay. There is also an opportunity for wheeling, which is a transfer of electrical power via a distribution system such as Eskom's electricity grid. We believe there is a market and Eskom has a well-established process for this. For municipal grids, it would again depend on the possibility of agreements being reached with municipalities and potential purchases to make this possible.

Concerns about energy disruptions support our focus on battery back-up options. Together with our solar investment, this offers tenant appeal for our buildings, and we have found an increasing appetite to warrant us exploring these options.

### Solar and battery projects under consideration for FY22

Capacity	Region	Estimated investment (Rm)	ROI – years
1MW	JHB	14	7
704kWp	JHB	9	5
400kWp	JHB	4.6	5
270kWp	JHB	3	5
1MW	JHB	16	5
2MW (100% capacity)	JHB	14.5 (50% investment)	7
266kWp	JHB	3.78	8
575kWp	CT	7.1	6
500kWp battery	JHB	14	8

In the year under review, we sold a building with a solar plant. We commissioned two new plants and an additional one in development. A solar PV installation at one building remained off for its first 18 months due to lengthy discussions with Eskom to attain certification for this project. We are pleased to report that this has been resolved and the plant is now fully operational.

Solar power produced	FY21
Number of buildings with solar	16
Energy produced by solar (MWh)	9 252
Emissions saved (tCO <sub>2</sub> e)	9 806
Savings (R)	17 723 381
Investment in new plants (Rm)	18.7
Annual maintenance cost (Rm)	1.4
Growthpoint direct benefits by GLA (%)	16
Growthpoint tenant benefit by GLA (%)	84
Growthpoint direct benefit by consumption (%)	80
Growthpoint tenant benefit by consumption (%)	20

## Water

Water is life. In South Africa, where there has been severe water challenges in the Western Cape over the past few years and in the Eastern Cape more recently, it is crucial to prioritise our care for this precious natural resource.

As part of our review process, we have assessed our water efforts and using FY26 as a base have proposed new reduction targets of 0.5kl/m<sup>2</sup>/pa by FY26. This is an overall target as we appreciate that different sectors have different needs and challenges relating to water.

The fact that water costs are relatively cheap has not encouraged investment in water savings, with an average ROI period of between 15 and 20 years on water supply projects, depending on the scale of the project. This has not stopped us from engaging with tenants to ensure we propose and supply efficient water solutions.

Our efforts to assess supply management, catchment and the nature of water use has not been executed as we had hoped. This remains an objective for the next year. Water audits of our buildings are ongoing although not at the pace we had anticipated. We continue to implement water efficiencies and explore the application of technology to facilitate our efforts to reduce water usage. The most important element of this is influencing behavioural change, and this is an area we look to become more active in over the next year.

Borehole registration and licensing remain a priority. In FY21 we invested R1.8m (FY20: R1.3m) in borehole-related activities.

We have water data for 369 (FY20: 374) of the 432 (FY20: 440) buildings in our portfolio. In FY21, a total of 3 183 732kl (FY20: 3 329 092kl) of water was used with a water intensity of 0.61kl/m<sup>2</sup> (FY20: 0.69kl/m<sup>2</sup>) for the portfolio. The GLA assessed for water was 4 850 693m<sup>2</sup> (88.6%) of a total of 5 473 034m<sup>2</sup>.

Region	Estimated investment	Nature of project	ROI
Gauteng	R330 332	Water back	10 years
Gauteng	R1 512 000	Boreholes drilled	7 years

Growthpoint has a net-zero water building in the Western Cape. This was attained during a severe drought a few years ago when the municipality adjusted its requirements to encourage water efficiencies. As the threat of water scarcity has subsided, the municipality has now re-instated the previous protocols, resulting in the compliance of the net-zero water building being questioned and the possibility of decommissioning the plant being considered. Thus, we do not believe the building is operating at optimal water efficiency. This is a demonstration of the need for the legislative environment to catch up with reality. We are working with SAPOA to address the legislative challenges for the sector.

## Waste

The collection of waste data is one of the more challenging indicators to report on. This is largely because our buildings are not all serviced by private contractors. In most cases, the local councils remove the waste, so there is no data available. For the premises that private contractors service, Growthpoint has worked closely with them to attain the data we need, but this has not always been easy. In our efforts to enhance data collection over the past year, we have come to appreciate that the challenge is more extensive than we had initially thought. We have embarked on a proactive exercise to work with our service providers to ensure a common understanding of what we need and that the systems are in place to facilitate their efforts to provide the data.

To develop a better waste management strategy, we need to better understand the value chain and work closely with our procurement team to optimise our approach. There is a need to ensure that contracts align with waste recycling initiatives and that the service providers can do this. There is no waste separation at many buildings, which is both a challenge and an opportunity to be explored.

### Target 1: Zero organic waste to landfill

All buildings with contracted waste service providers in FY21 to achieve zero organic waste to landfill by FY26. This accounts for approximately 23% of our portfolio, for which we receive detailed data even though we have service providers for 31% of our buildings.

### Target 2: Diversion of solid recyclable waste to landfill

The target is to achieve diversion of recyclable waste to landfill at 50% of the Growthpoint portfolio of core buildings by FY26. This will require the appointment of external waste service providers at all the targeted buildings.

In FY21, 9 178 tonnes (FY20: 10 154 tonnes) of waste were recorded from 128 of 432 buildings (FY20: 119 of our 440 buildings). This equates to 29.6% (FY20: 27.0%) of our buildings with a total GLA of 2 308 380m<sup>2</sup> (FY20: 2 302 969m<sup>2</sup>). A total of 60.6% (FY20: 61.4%) of waste still goes to landfill.

# Environmental *continued*

## Biodiversity

Growthpoint is keenly aware of the importance of biodiversity. Our relationship with our natural environment is complex and we are only in the early stages of appreciating our true impact. There is a lot for us to understand still and this is an area that will receive increased focus from us over the next 12 to 24 months. At that stage, we hope to have a clear approach to addressing biodiversity concerns and set objectives for Growthpoint. In the interim, we will continue our efforts to minimise our impact on biodiversity in the areas in which we operate.

As a minimum, we adhere to the South African National Building Standards relating to environmental issues. With our operations primarily in urban areas, there is little likelihood that they will affect any species on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species.

Our property development activity is the most likely to impact biodiversity. Although our impact is currently relatively low, there has been an increased focus on ensuring that all our processes and procedures guard biodiversity. Projects are subjected to environmental impact assessments as deemed necessary by their scale, scope and area in which the project is to be implemented.

Biodiversity considerations form part of the review before initiating any project. This process is also integral to any application we make for green building certification. Development projects are also subject to rigorous engagement with local councils, and we adhere to all legislative and regulatory requirements for each project.

We engage accredited green building consultants to facilitate the business by assessing our environmental impact during the development process. This standard operating procedure extends to health and safety and other risk elements.

## Projects

### Green Addendum

In the year under review, we made changes to how we administer the Green Addendum. We reviewed all agreements and realised there is a need for a more bespoke approach. Several pilots are underway to test the new approach, which has resulted in a significant reduction of GLA and, therefore, tenants who were still engaged in active green addendums.

Although our recovery for the period declined, it remained broadly in line with previous years due to increased electricity costs. Although it fell short of the 20:20:20:2 target, we are still very pleased considering the GLA covered is 3.4% of FY21 and the number of tenants is 65.6% lower than FY20.

## Green Addendum impact

Financial year	Number of tenants	GLA (m <sup>2</sup> )	Growthpoint's annual savings (Rm)	Collective savings since inception (FY14) (Rm)
FY21	209	14 353	11.1	125
FY20	608	418 352	13.4	103

## Green building certification

Green building certifications remain key, but we realised we needed to make adjustments in our approach. We are moving towards identifying credentials that are more appropriate for the nature of the buildings we have in our portfolio.

As a component of our 20:20:20:2 targets, the objective is to certify 20 buildings as net-zero for carbon/water/waste/ecology. In our efforts to identify suitable buildings, we recognised that the easiest approach is through carbon offsetting. However, it does not make a fundamental difference to our core portfolio. We have agreed to take a long-term view and invest our efforts in making changes at the asset level – changes that will impact direct carbon emissions – before venturing into the carbon market. This requires more time and greater financial investment. We are optimistic that we can do this by FY26.

Growthpoint remains the leader in the number of buildings with Green Star certifications. We have taken a hard look at our approach and found that, at times, we could have pursued more appropriate certification categories for some buildings. It has been decided that we will invest in energy and water performance certification as far as possible while maintaining our commitment to achieving a minimum 4-Star Green Star SA rating or higher for new office developments. At the opposite end of the green building spectrum we will pursue net zero ratings in the carbon, water, waste and biodiversity categories. As part of a COP21 commitment, Growthpoint was dedicated to having all its long-hold commercial buildings attain a minimum 4-Star Green Star SA rating by 2020. We have ratings for 57 buildings in our office portfolio.

It is important to note that many biodiversity concerns are encompassed in the green building certifications. While this is not always seen as desirable or necessary, the relevance is understood within the organisation.

In the year under review, we saw the number of building certifications in our portfolio reduce to 84 (FY20: 112). Certificates expired at some buildings. The consequences of the Covid-19 pandemic also played a role as we reviewed the types of certificates applied for being adjusted and the number of applications being lower than we had hoped. There are several applications at various stages of the certification process and we hope to improve on this number in the coming year. We have spent R2.1m (FY20: R5.5m) on certifications and re-certifications.

In line with these efforts, we are working on green buildings guidelines to help our internal stakeholders understand what is needed to attain and maintain the various green certifications. We have engaged GBCSA on this and hope to share our work with the industry to benefit the sector. Growthpoint is proud of our commitment to sponsor R250 000 towards developing the pilot for existing industrial building Green Star certification.

### Greenovate awards

The FY21 programme was held virtually due to Covid-19. The interactive event ran smoothly and saw more online participants. Technology allowed participants to have more time with the mentors and enabled more Growthpoint staff to attend the event. The event judges were excited about the projects

presented and we have identified two property projects that could be commercially viable. Participation was slightly lower because of changes to the tertiary calendar. Five different universities participated, with a total of 16 entries for the 2020 awards.

The winner of the Greenovate Award came from the University of the Witwatersrand and the winner of the Engineering Award was from Stellenbosch University. The "Buildability Award", introduced last year, was not available due to a lack of sponsorship. We partnered with GBCSA, which participated in the roadshows when promoting the awards. As part of the prizes, GBCSA offered students accredited professional courses and an opportunity to present at its convention. A total of R110 000 in prize money was paid in FY21.

### The financial impact of environmental events

Over the past few years, we used the value of our insurance claims associated with various weather events as a key metric to determine the actual financial impact of the changing weather. We have used this to inform adaptation efforts and cost reduction efforts. This will now be assessed in conjunction with the findings of the climate risk review.

The table reflects the cost of weather-related damage to our properties. The data on these events is based on when the event took place. As some claims may have only been concluded after the FY20 IAR was published, we have re-presented the financial impact for FY20.

### Insurance claims arising from climate-related events

Sector (R)	FY21				FY20			
	Retail	Office	Industrial	Total	Retail	Office	Industrial	Total
Earthquakes/sinkholes	–	–	–	–	–	–	–	–
Rain/flood	766 582	1 825 050	–	2 591 632	212 605	–	842 606	1 055 211
Hail	266 001	–	–	266 001	–	154 755	349 990	504 745
Wind	43 000	150 000	–	193 000	–	124 320	–	124 320
Lightning	–	–	–	–	–	–	–	–
<b>Total</b>	<b>1 075 583</b>	<b>1 975 050</b>	<b>–</b>	<b>3 050 633</b>	212 605	279 075	1 192 596	1 684 276

Region (R)	FY21				FY20			
	Gauteng	KwaZulu-Natal	Western Cape	Total	Gauteng	KwaZulu-Natal	Western Cape	Total
Earthquakes/sinkholes	–	–	–	–	–	–	–	–
Rain/flood	592 565	–	1 999 067	2 591 632	212 605	461 067	381 539	1 055 211
Hail	266 001	–	–	266 001	504 745	–	–	504 745
Wind	–	150 000	43 000	193 000	124 320	–	–	124 320
Lightning	–	–	–	–	–	–	–	–
<b>Total</b>	<b>858 566</b>	<b>150 000</b>	<b>2 042 067</b>	<b>3 050 633</b>	841 670	461 067	381 539	1 684 276

# Social

For the period under review, we allocated R7m to scholarships and development programmes for 96 learners from primary school to tertiary level.

Growthpoint is an organisation which embodies family values at its heart: our remuneration is competitive, based on a philosophy of rewarding and supporting good performance, encouraging innovation, developing employees and their careers, tackling issues which impact our employees, encouraging meaningful conversations and giving our people voices.

## Human Resources (HR)

Managing the organisation’s talent and ensuring Growthpoint’s sustainability through employee development, succession management and transformation are key focuses of the HR team. We aim to create a positive work experience for each of our employees while protecting the organisation’s interests and meeting its objectives. We continually endeavour to make Growthpoint an employer of choice.

This year, we elevated our role of protecting employees’ safety and wellbeing during the Covid-19 pandemic and maintaining business continuity at an unprecedented time of disruption. Our focus shifted and the genuinely meaningful nature of the HR team’s work was amplified. Our HR team stepped forward with passion and compassion at a time when its role in the business was critical. Many of our employees came under increased pressure on multiple fronts and our HR team actively engaged and supported them.



## Covid-19 and our people

In addition to concerns over their health and wellbeing, our employees were concerned about their job security. Many also became key sources of financial and emotional support for their immediate and extended families, neighbours and communities.

To address this, Growthpoint was among the 38% of South African companies that did not cut salaries, granting increases to only 80% of employees at 1 July 2020, which fell in lower-earning grades.

Our response to the Covid-19 pandemic was, and continues to be, efficient, effective and responsible. The health, safety and wellbeing of our people and stakeholders are our utmost priorities and we continue to engage employees, work with our established crisis management teams and enable an efficient and remote-enabled workforce. As businesses gradually re-opened following the initial hard lockdown, we diligently safeguarded employees through ongoing wellness initiatives and enhanced safety protocols as per the guidance of the relevant authorities.

Growthpoint implemented a flexible remote and office work practice rotation system to support the continuity of all our departments and this worked well in limiting disruption to the business while safeguarding our people.

Many of our employees adapted well to remote working, but some found the concept challenging. Truancy increased among a small number of those who were poorly suited to work from home and this was addressed by prioritising their full-time return to the office within the allowed admission limits.

Similarly, some managers have shown that they can thrive under these new conditions while others have required support. A training-needs analysis was conducted to help identify which managers are coping and which are not.

The Covid-19 challenges have undoubtedly increased employee burnout as well as emotional stress and anxiety about the impact of the pandemic on the company’s sustainability, their jobs and their loved ones. To make sure that we understood this impact, we began conducting one-on-one check-ins with at least 60% of all staff each week, especially those in our severely impacted retail team, while our wellness partners provided the necessary psychological support. In some cases this was extended to the employees’ immediate families and beyond.

To ensure employees did not miss out on the planned wellness initiatives, our wellness programme was moved to a virtual platform and adjusted to respond to employees’ needs. We used quarterly reports from our wellness partners to identify pressure points for our people and redirect our wellness initiatives to address our employees’ most pertinent issues.

We became aware that employees who tested positive for Covid-19 were very conscious of their diagnosis and wary of experiencing discrimination, especially from managers, as a result of this diagnosis. This awareness helped us educate our line managers to ensure that information about employees’ health will never be used to stigmatise them.

Several social issues that some of our employees face, such as gender-based violence, were exposed by the pandemic. When presented with these cases we – with the support of specialist independent sources – took immediate action. But we believe we can still do more and, as a follow-up step, we plan to launch our first sexual harassment awareness campaign.

In a year awash with online fatigue, as Growthpoint we worked hard to keep our employee engagement fresh and relevant, using the best channels for each message and audience. Reinforcing messages on different levels has assisted tremendously and we have found great value in ensuring that managers highlight and reiterate important messages in their meetings.

### Covid-19 for period FY21

Tests covered by Growthpoint	–
Total number of employees infected	117
Total number of employees medically boarded	–
Total number of deaths	1

# Our people *continued*

## Employment Equity (EE) and transformation

Growthpoint strives to offer a diverse, transformed and inclusive work environment. We provide equal opportunities for all employees while giving special consideration to employees from designated groups. Eradicating discrimination in all our employment policies and practices ensures that we promote equal opportunities in the workplace. Our affirmative action (AA) measures enable us to redress employment imbalances experienced by designated groups and ensure their equitable representation in the workplace.

Growthpoint's transformation strategy, which is managed internally by our HR team, has fared well in achieving its objectives. Transformation targets demonstrate the diversity and integration of our organisation and remain imperative for Growthpoint as a good corporate citizen. We have a track record of setting and achieving numerical goals at middle management and below. Our progress in achieving transformation objectives is monitored and evaluated by our dedicated Diversity and Inclusion Forum, and our EE plan forms part of our transformation strategy, which is reported on each calendar year.

*By engaging with our employees regarding transformation, our managers are deeply invested in moving our organisation closer to achieving our targets. Growthpoint is very proud of the progress achieved so far, at all levels below executive management.*

EE is still a challenge at executive level. Progress here remains gradual due to the restrictions on succession management created by the minimal turnover of executive staff and, in fact, employees on all levels. Growthpoint is a company that people

want to work for and we have loyal employees. This is a great endorsement, but also poses a challenge to meeting transformation objectives and in-house career advancement. Revising some of our company structures is one of the solutions we are considering to foster greater transformation and we will continue hiring talent that furthers our aims in this regard. The representative racial demographic of our staff complement will continue to be a primary area of focus.

With our three-year EE plan having been concluded at the end of 2020, we have set new targets and strategies to take us forward and these also feature a greater focus on employee health and safety. Our new plan, which was recently approved, will determine the basis of our future work and communication.

Our past performance in setting and measuring EE targets aligns with the Employment Equity Amendment Act, which requires companies to set numerical goals and, in our case, specifically to comply with the property sector's employment equity targets. It has become mandatory for companies to measure and make good progress in meeting these targets – or provide justifiable reasons for not doing so – if they don't want to face punitive repercussions.

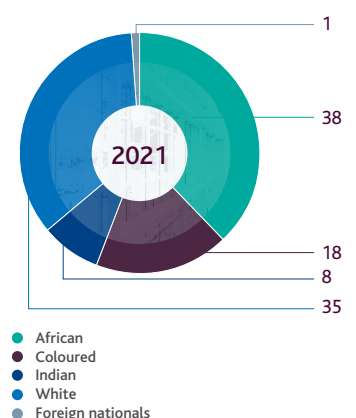
## Other diversity indicators

There is increased pressure on organisations to disclose various diversity indicators, among them information on LGBTQ+. We do not require employees to disclose their sexual orientation but welcome voluntary disclosure of gender identity to confirm our inclusivity philosophy. All employees are treated with respect and receive the same benefits regardless of their sexual orientation and we therefore, do not collect data on this indicator.

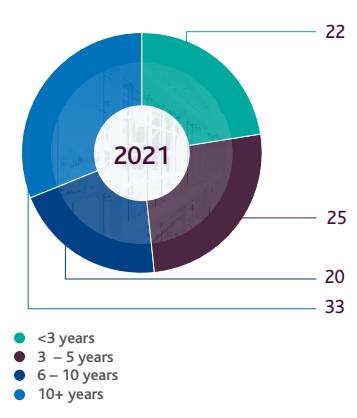




Employee race profile (%)



Employee tenure (%)



### Living wage and pay gaps

Growthpoint's remuneration is competitive and we strive to uphold this position, notwithstanding a very challenging year for our business. Remuneration plays an essential part in our employee value proposition as well as attracting and retaining valuable skills.

There is no unilateral definition of a living wage but we believe people should be paid a salary that enables them to afford accommodation, transport, healthcare, food and educational opportunities for their dependants. We have analysed our remuneration indicators and are comfortable that our employees are remunerated in line with the living wage definition.

Reducing the gap between our lower and higher earners remains one of our goals. Granting increases to only 80% of employees at 1 July 2020 in lower-earning grades this year was one of the strategies we adopted to help narrow the gap, and we plan to continue reducing the gap.

This year, Growthpoint participated in a gender pay gap research project and we fared well overall. The results were positive on all levels except for top management. The discrepancy in pay at this level could stem from a difference in experience and expertise rather than gender, but it nonetheless flags an area of improvement which we will continue to monitor.

Our new job grading system has moved us beyond the non-formulaic approach to remuneration of the past and ensures that remuneration is equitable, with internal and external parity. The confirmation that Growthpoint does not remunerate based on gender is validated by use of our grading system.

### Gender pay gap report: occupational level composition hourly median wage based on FY19 data

	Female	Male
Unskilled	52	–
Semi-skilled	103	51
Junior management	190	170
Middle management	299	326
Senior management	591	556
Top management	820	974
<b>Median</b>	<b>160</b>	<b>159</b>

### Employee value proposition (EVP)

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

- Career and personal advancement opportunities
- Retirement benefits
- Medical aid
- Gap cover to ensure that employees are not out of pocket should their medical costs not be fully covered by their medical aid
- Group risk cover
- Accidental death cover
- Educational assistance for qualifying employees' children (GEMS)
- Work/life balance, which is crucial and supported by our flexible work hours and conditions of work
- Employee wellness programme
- Share options for all our employees
- Disability cover.

# Our people *continued*

## Health and safety

Our dedicated Health and Safety Forum proactively monitors and reports concerns to ensure that our work environment remains incident-free as far as possible.

Naturally, the primary focus this past year was limiting the spread of Covid-19, and much was done to protect our employees. We also evolved these efforts as more information about the pandemic unfolded, best practices advanced and regulations were updated. Although not always easy to access, we took advice from NCID. Our partners Discovery Health and Fedhealth also became valued sources of good guidance for the wellbeing of all those in our workplace.

While infectious disease prevention and protective protocols and measures were a priority, we also kept the Occupational Health and Safety Act (OHSA) in mind and our compliance with all elements of the national health and safety regulations and requirements remains non-negotiable.

## Employee wellness

Our wellness programme highlights the main health concerns that guide our employee wellness initiatives. Growthpoint is a high-performance environment under "normal" circumstances, and the attendant stress was amplified during FY21 by the health crisis. Accordingly, we pivoted and made the necessary adjustments to make positive impacts in the new operating environment and address the increased stress and mental health issues created by the pandemic. With this in mind, the mental health of our employees will also be one of our primary focus areas in FY22. The wellness programme moved online and its initiatives and effectiveness continue to be assessed frequently.

Despite their increased Covid-19 risk, several employees with comorbidities were among the many that were eager to return to the office, and prior to returning, they were required to provide consent (in some instances from their medical practitioners) to ensure that they were not putting their lives at risk. We boarded three employees as a result of poor health in FY21, a decrease when compared to the four who were boarded in FY20.

The past year has emphasised the critical need for good healthcare in our society, and as we do not want our employees to worry about their physical, mental or emotional health, we believe they must be on medical aid. To confirm mandatory medical aid memberships, we are in the process of establishing the cover of those on a spouse's medical aid.

## Employee surveys

Employee feedback matters to us and so, in order to gauge how employees were impacted during this time and assess their engagement with our business, we conducted two staff surveys.

The first focused on preferred methods of working and it revealed that our employees favour a hybrid working model and would prefer to spend a few days in the office each week, mainly for collaborative processes, and work remotely for focus-driven tasks. We are reviewing this feedback in tandem with experience gained from the staff rotation system applied over the past year.

The second was a broader survey addressing issues such as management, policy and communications, among others. The results of this survey are being reviewed.

## Industrial relations

Good industrial relations improve employee morale. Productivity increases and employees work with passion when they feel that their interests and those of their employer are aligned.

Therefore, many of our actions revolve around industrial relations issues, performance management, and fair disciplinary procedures.

In FY21, there were 21 industrial relations matters relating to misconduct and performance management, compared to 38 in FY20. These included seven dismissals for misconduct and poor performance, in line with the policies we have implemented to ensure good governance and our philosophy of driving high-performance teams.

## Staff turnover

While our focus was on preserving employment for our people this year, we did have some natural attrition of staff. This went a long way towards solving certain job fragmentation and culture challenges which had arisen due to the growth of our business through the acquisition of various property enterprises.

We monitor our voluntary staff turnover, which this year was 6.9%. This is an acceptable level that is on par with the market. Including dismissals, total staff turnover was 8.7%.

Employee statistics	FY21	FY20
Number of employees		
• full-time employees	<b>611</b>	623
• contractors	<b>32</b>	36
Net property income per full time employee (South Africa) (R)	<b>9 981 997</b>	9 401 284
Average tenure of employees (years)	<b>8</b>	8
Annual attrition rate of all employees (%)	<b>11.6</b>	15.2
Annualised attrition rate of full time employees (%)	<b>8.7% of which 6.9% was voluntary 1.8% was involuntary</b>	7.0% of which 4.0% was voluntary
Number of industrial relations cases	<b>21</b>	38
Average age of employees (years)	<b>45</b>	45
Minimum CTC – lowest level of employee (R pa)	<b>143 100</b>	112 590
Direct investment in employee training (Rm)	<b>3.8</b>	4.5
Total cost of employee training (Rm)	<b>4.7</b>	5.5
Number of employees trained	<b>539</b>	1 103
Hours of training per employee	<b>4.3</b>	8.0
Total number of sick days	<b>1 470</b>	1 926
Weighted average number of sick days per employee	<b>2.4</b>	3.1
Number of physical injuries	<b>2</b>	–
Days lost to incidents for serious occupational injuries	<b>29</b>	–
Workplace fatalities		
• full-time employees	–	–
• contractors hired by HR	–	–
• third-party contractors	–	–

## Policies and procedures

A few employees adapted extremely well to forced remote working and a few did not adapt at all, but it was a mixed experience for most. We do not doubt that our offices will always be the heartbeat of our business activities and operations. Given that we seek to enable our diverse staff contingent to perform at its best and benefit from balance, we are in the process of formalising our flexible working policy.

Last year, we committed to providing staff training and communication on new and updated policies via an e-platform, I–Thrive, and we are pleased that we were able to achieve this objective.

We still intend to implement ESG objectives as a KPI for senior management. This will be linked to remuneration in the same way it affects executives. We were unable to finalise the numerical measures that would define this KPI this year and will prioritise doing so in FY22.

Executive contracts have also been updated to ensure greater uniformity.

## Grievance procedure

Our updated grievance procedure was approved this year. This includes a schedule of offences and their related consequences and we conducted a communication and awareness drive about this. While employees with grievances can raise their concerns directly with our HR team and receive advice on how best to address the matter, labour and human rights issues can also be addressed through our independently monitored whistle-blowing hotline. We encourage employees to raise concerns about workplace malpractices without fear of victimisation or reprisal.

## Talent and succession management

Given its importance, our succession plan is a living document and is currently receiving even greater focus.

# Our people *continued*

*The plan aims to ensure that our work environment and conditions are attractive and conducive to optimising employee potential. Ensuring that new employees are aligned to our culture and values is key to this success, as is career development for existing employees.*

To further career advancement within Growthpoint, we matched people with different positions in the light of changing business needs and were able to promote eight existing employees in FY21.

## **Training and leadership development**

We invest considerable time, effort, and resources in training and development to support and advance our employees' careers, because we want to develop the best, brightest, and most innovative teams.

This year, a seamless transition to the new MRI software and system was paramount and our training efforts were directed towards ensuring that our people became adept at using the system.

While a few traditional training avenues were able to adapt, many could not due to Covid-19-related restrictions which limited the number for this year. Unfortunately, the limitations to training have knock-on implications for skills development and impacts the B-BBEE scorecard. Being hampered in such an important focus area is disappointing for us but our staff members were still able to advance their skills and expand their knowledge.

## **Labour and employment practices**

Growthpoint is not a unionised environment but does not restrict employees' freedom of association. We intend to formalise this into policy. We comply with various labour laws, including the Basic Conditions of Employment Act, the Labour Relations Act, the Employment Equity Act, the Skills Development Act and the OHS Act. Over and above legislation, we strive to be a good corporate citizen and have policies and processes in place to ensure that we offer equal or more favourable employment conditions than those required by law.

UNICEF's 2020 report on child labour points to a significant global increase of children working between the ages of five and 11. Growthpoint stands firmly against child labour, forced labour, slave labour and bonded labour. Indicators of forced labour can also include withholding identity papers, requiring compulsory deposits and compelling workers, with the threat of being fired, to work extra hours that they have not agreed to.

We are aware of the prevalence of these issues globally and will take the necessary steps to prevent such abuse within our organisation. All our employees are aged 18 years or above with an average age of 45.

## **HIV/Aids**

Growthpoint does not discriminate based on HIV/Aids status, nor do we test employees. We respect the confidentiality of every employee. Nevertheless, the conditions of affected and infected employees are managed and supported by our extensive employee wellness programme. Based on the information provided by our largest medical aid provider, the HIV prevalence rate within our organisation is estimated to be between 4% and 6%.

We want our people, families and communities to enjoy longevity. While the pandemic took precedence as the biggest threat to life and wellbeing this year, we still need to fight the stigma of HIV/Aids. This stigma is evident from the level of poor disclosure which also makes HIV/Aids persistently difficult for us to assess and evaluate. This is a society-wide problem and by no means only a corporate issue.

## **Human rights**

Growthpoint believes human rights are sacrosanct and is committed to upholding them, including the right to freedom from discrimination of any kind. Consequently, we introduced a human rights policy in FY21. In line with the country's constitution, we do not tolerate 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.

Society's recent powerful movement against systemic racism highlighted the need for all individuals, colleagues, friends and businesses to take a stand.

*This has reinforced our commitment to creating a diverse and inclusive workspace, where every employee feels safe, and heard, and has equal opportunity to succeed. Racist conduct is a dismissible offence, and there were no related dismissals this year.*

### **Employee assistance programme (EAP)**

This voluntary, confidential programme helps our employees and their families work through various life challenges that may adversely affect their work performance and/or their health and personal wellbeing. Employee challenges include stress, financial issues, legal issues, family problems, office conflicts, alcohol and substance abuse.

Our EAP offers employees with personal and/or work-related concerns the opportunity to be assessed, counselled and referred for additional services. The programme also often works with management and supervisors to prepare employees for organisational change, legal contingencies and emergency planning and to help them respond to unique traumatic events.

The demand for the services provided through our EAP increased this year, signalling its value to our employees and we have made adjustments to suit the new operating environment we find ourselves in. The themes of counselling assistance provided include personal, interpersonal, work related, financial, primary healthcare and legal to mention a few.

We value our employees and are proud to offer a programme that not only supports them but optimises our success.



# Corporate social responsibility

As responsible corporate citizens, we at Growthpoint align our actions with the objectives and needs of the communities in which we operate and have, during the pandemic, extended this outreach even further.

At Growthpoint we see our business as a force for good and know that, to be sustainable, our clients' businesses also need to be. The programmes and initiatives we have built over the years continue to significantly impact our clients and communities. Even through the pandemic we have helped to sustain small enterprises through rental relief and our support toward educational programmes which has delivered exceptional results. We have been faced with challenges with a changed environment but we have been able to quickly adapt.

Our core focus area for the year under review included educational initiatives, entrepreneurship development and staff engagement. We have extended our ECD practitioners training programme into KZN, continued to support bursary recipients at Christel House and funded the Protec programme in Limpopo for another three years. Furthermore, both the Growsmart and Growthpoint GEMS initiatives have accommodated and assisted learners with the digital shift in the education landscape.

Local community engagement has also been a priority for our enterprise development initiative, Property Point, and an engagement policy has been submitted for review. The businesses that are part of the Property Point incubation programme, as well as its alumni network, survived the difficult times, proving that the programme is effective in growing sustainable small businesses.

Growthpoint's outlook towards corporate social responsibility has always been to focus on **driving sustainable impact for the communities** in which we operate. Our core focus areas have consistently been **supporting education initiatives, entrepreneurship development and staff engagement**.

## Corporate Social Investment projects Early Childhood Development (ECD)

Growthpoint is committed to improving the quality of education in the country and has therefore funded the training of early childhood development centre practitioners for the past five financial years. In FY21, these initiatives were extended to provinces outside of Gauteng, with an additional programme initiated in Pietermaritzburg's Edendale township.

Name	Total ECD practitioners
Botshabelo ECD	8
Ntataise Lowveld ECD	10
Midlands Community ECD	10
Alladin ECD	14

## Christel House

Since 2018 Growthpoint has provided an educational scholarships for 30 learners at Christel House. The programme not only teaches leadership, but helps these learners develop positive values and embrace strong work ethics. More importantly, it aims to produce young people who are well equipped to make meaningful contributions to our country.



## Protec success story – Lishivha Shothodzo

The programme's top achieving learner was Lishivha Shothodzo who was also the seventh highest matric achiever in the Limpopo province in 2020. Growthpoint subsequently awarded her a bursary to study Actuarial Science at the University of Cape Town. She says the Protec programme was "incredible" and helped her through her Grade 10 to Grade 12 school journey.

"In my final year we faced challenges like Covid-19 but the programme supported me and made sure I had everything I needed to overcome these challenges. I also received guidance when choosing my career and this motivated me to do my best in everything. That's why today I'm considered the best.

*I also received the Growthpoint bursary when I had no hope and this has changed my life. It has given me a chance to follow my dream and passion of becoming an actuary. I appreciate the support I have been given to make sure I keep doing my best."*

### National education programmes

Eastern Cape	Growsmart iSchool Africa (Gqeberha)
KwaZulu-Natal	Midlands Community College (Nottingham Road) Alladin ECD (Pietermaritzburg)
Limpopo	Protec teacher development
Mpumalanga	Ntataise Lowveld Trust ECD
Gauteng	Botshabelo ECD
Western Cape	Growsmart Christel House React24 NBI
National	GEMS, Growthpoint bursaries

Classes continued for all grades (Grade R to 12) throughout the Covid-19 pandemic and the various lockdown restrictions. However, a major focus was on the Grade 12s, ensuring that they received maximum face-to-face teacher time in preparation for the challenging year ahead.

Our partnership with Christel House has yielded excellent results and we have committed to funding an additional 20 learners in the coming financial year.

### Protec

In 2018 Growthpoint and Protec partnered in the initiation of its maths and science programme in Limpopo's Vhembe District. Previously we supported 40 learners from four schools which generated very positive results. Even though the area experienced challenges at the start of the Covid-19 pandemic, learners were able to overcome them. For the current financial year, we have supported a teacher maths and science development programme for the Vhembe District.

### Growsmart

Since 2009 the Growsmart Educational Programme has been at the forefront of advancing learning experiences and behaviours for previously disadvantaged learners in Grades 4, 5 and 6. The programme is delivered in a fun and competitive format and the pandemic has not changed this.

While technology has always had a transformative impact on education, the rapid changes brought about by the Covid-19 lockdown significantly accelerated the process. Educators and learners were forced to step out of their comfort zones to continue teaching and learning and in doing so, they discovered new and innovative methods. Some learners – particularly those from well-resourced schools – did, however, adapt to the change better than others.

The Growsmart team even developed a "New Thinking" strategy on how to host the 2021 Growsmart Educational Programme in a digital format and provided learners with a soft introduction to the 4th Industrial Revolution. The results, so far, have been tremendous.

Growsmart also launched the Entrepreneurship competition in 11 schools in the Western Cape to nurture these learners' business sense. The programme has released more than 100 online tutorials including mathematics, literacy, story writing and poetry, geography, entrepreneurship and a fun literacy segment called "Whatchamacallit Wednesday". Short quizzes in the Growsmart newspaper also test learners' abilities to read for meaning.

These resources, which began with the Growsmart newspaper, are free and easily accessible online. Fun, colourful, and interactive workbooks, which include creative writing and entrepreneurship, take the learners on curriculum-based journeys that leave them feeling inspired, better-informed and stimulated.

*The programme's impact is far-reaching and it has to date helped more than 24 000 learners to achieve educational goals that might otherwise have not been possible.*

# Corporate social responsibility *continued*

Growsmart is incredibly proud of its four *alumni* who started Grade 8 this year. They are all attending school courtesy of scholarships facilitated by Growthpoint and were also gifted with back-to-school backpacks.

Growsmart also launched an online Back to School social media campaign, which invited learners to share pictures of their first days at school. These learners were presented with back-to-school stationery hampers sponsored by Bidvest Waltons.

In 2022, Growsmart will welcome two new learners to the *alumni* programme, both of whom received bursaries from the MAD Leadership Foundation and the Kay Mason Foundation.

## Growthpoint GEMS

Our flagship youth development programme, Growthpoint GEMS, is designed to assist employees who could be classified as the "missing middle", in terms of their income.

Anchored on three pillars, the programme provides funding for tuition fees, stationery and uniforms. It also focuses on the development of students at both personal and leadership levels and offers psychosocial support to ensure a holistic approach to their development. This includes access to a wellness offering and financial advisers.

In FY21, the programme established a number of interventions to assist with the migration to online learning and establish an ecosystem of support. Both learners and their parents have access to mental health support and GEMS webinars that aim to empower parents who are raising "Generation Z" children.

In addition, GEMS provides immersive experiences for students through fun educational camps. Ever-changing employment prospects for young people have meant that the programme has had to evolve to offer development programmes that equip students for the future world of work. Enabling employment opportunities internally and externally for beneficiaries, Growthpoint's graduate programme has seen two GEMS *alumni* pass through it.

For the period under review, we allocated R7 030 481 to scholarships and development programmes for 96 learners from primary school to tertiary level. For the 2021 academic year, the annual qualifying cost-to-company (CTC) limit for the parents and guardians of Growthpoint GEMS recipients has been increased from R370 000 to R400 000. When the programme initially commenced in 2016, the qualifying CTC limit was R300 000 a year.

## Key highlights

- We provided 50 GEMS learners with laptops to ensure that they have the necessary digital tools to excel
- We hosted parent webinars on topics such as parenting in the era of social media, dealing with bullying, addiction, commerce, future proofing your child and jobs of the future
- We hosted study skills workshops for both parents and their children
- We held our first virtual GEMS Top Achievers ceremony to acknowledge the Top 15 academic performers of the 2020 academic year.

## GEMS success story – Nosipho Ngwane

Nosipho Ngwane is currently a Growthpoint graduate trainee at our Durban regional office. A GEMS beneficiary, she completed her BSc in Real Estate at the University of Pretoria in 2020.

"Being a part of the GEMS programme meant that my future was not going to be compromised because of funds. It broke the barrier between myself and access to quality education. The programme catered for everything I needed as a student, a person of society, and a future independent woman. Thanks to the skills development camps and workshops which helped me transition to the work environment, I came to the corporate world mentally prepared."

### Major highlight

Camp Discovery in 2018 taught Nosipho many skills, including how to pitch an idea. She even received an innovator award.

*Receiving that award gave me the confidence to stand in front of a crowd and make a presentation and that has stuck with me 'till today.*

### Professional exposure

She says she was also privileged to meet young professionals who passed on their knowledge.

*That motivated me and showed me that if I work hard enough, I will become whatever I put my mind and time to.*



## G-Squared

G-Squared (G<sup>2</sup>) increases staff awareness of Growthpoint's involvement in community development and encourages and enables them to volunteer. Every staff member is allocated eight hours a year to take part in volunteer initiatives. During the period under review, our volunteered hours reached 329, with executive management actively participating. Due to the Covid-19 pandemic, interactive sessions were halted. However, in the spirit of active citizenry and in keeping with our values, many of our staff were inspired to make a difference in their own communities in various ways including online participation.

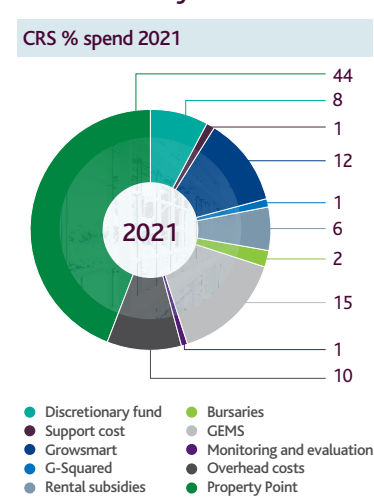
### Total number of volunteering hours: 329

Organisations supported	
Sisters Incorporated	Cape Town
Ray of Hope	Durban
Home of Hope for Girls	Johannesburg
Realogile High School	Johannesburg
Gift of the Givers	National
University of Cape Town	National

Rental subsidies	
Education Africa	Gauteng
Rise Against Hunger	Gauteng
Scatterlings	Gauteng
Field Band Foundation	Gauteng

### CSI beneficiary breakdown 2021



## Enterprise and supplier development

Property Point is a small business development programme aimed at building South Africa's economy while addressing the many social issues affecting the country. It provides entrepreneurs with the business skills, training and personal development support they need to develop their enterprises into fully independent companies that can compete for opportunities in the market. Through this programme we have successfully carried out entrepreneurship development and focused on economic inclusion, with our overall goal being to contribute to economic and social change through independent, viable and sustainable businesses.

Over the past few years, we have also made a concerted effort to promote gender equality and advance women-owned businesses. In January 2021, we launched an all-women programme to move us closer to achieving our 2023 goal of having 70% of the businesses in our programme being women-owned.

Our current representation of women-owned businesses is 51%. Furthermore, we have adopted a talent management approach to ensure that business owners and their senior management teams are adequately capacitated to drive the operational aspects of the business.

Local Economic Development (LED) – is an enterprise development programme for SMMEs that assists us in developing small businesses in the communities where Growthpoint have invested in retail assets.

While this approach is not a departure from what Growthpoint has done in the past, much of it centres on localisation. An LED policy has been developed and will be submitted to the Board for approval. The Property Point team has also been involved in the following community engagement projects on behalf of Growthpoint Properties.

### • The Dis-Chem extension project at Waterfall Mall, Rustenburg

#### Key responsibilities

1. Formulation of a Project Steering Committee
2. Appointment of Community Liaison Officer
3. Attendance at Project Steering Committee meetings
4. Risk management
5. Engagement with main contractor to ensure participation by local businesses in the project
6. Identification of local businesses for participation in the project.

#### Interventions

1. Health and safety files for four local community companies
2. Financial management workshop conducted with four businesses.

### • Festival Mall, Kempton Park

A business forum demanded access to procurement opportunities and had threatened to cause disruption of operations at Festival Mall.

#### Key responsibilities

1. Engagement with the business forum
2. Risk management.

# Corporate social responsibility *continued*

## Interventions

1. Procurement readiness: Facilitated a workshop on procurement and Growthpoint procurement at the Ster-Kinekor in Festival Mall. It was attended by more than four members of local businesses
2. Vendor registration: Assisted two businesses from the local community to register as Growthpoint vendors
3. Capacity building of local SMMEs: Facilitated a painting training workshop together with Promac Paints to help build capacity in local SMMEs
4. Business linkages and conversions: Local businesses/contracted to do *ad hoc* painting projects at Festival Mall.

### • Vaal Mall, Vanderbijlpark

The Dinokeng Tsa Lekoa Business Forum demanded access to procurement opportunities at Vaal Mall and threatened to cause disruption of operations.

## Key responsibilities

1. Engagement with the Dinokeng Tsa Lekoa Business Forum
2. Risk management.

## Interventions

1. Information session facilitated by Growthpoint’s procurement team about the company’s RFP processes and upcoming opportunities. The information session was open to all businesses in the local community
2. Risk mitigation
3. Assisted four businesses to be Growthpoint vendors
4. Of the four businesses, two companies were approved as Growthpoint national security vendors at three assets, namely Marks Park, the Avenues and Springs Mall.

### • Property development in KZN

Federation for Radical Property development (FFRET) closed some of Growthpoint’s construction sites in KwaZulu-Natal, demanding that its members be offered procurement opportunities. Property Point engaged with them on behalf of Growthpoint and resolved the matter.

One of the outcomes was that FFRET member businesses enrolled in Property Point enterprise development programmes in the province.

## Green Economy Programme

Chapter 5 of the National Development Plan – (NDP) identifies the country’s climate policy as the cornerstone for a low carbon transition. South Africa has committed to reduce its carbon emissions below a set baseline of 42% by 2025, based on the Intended National Determined Contribution (INDC).

The Green Economy Programme, which opens up opportunities for small businesses in the “green economy”, continues to enhance understanding of the latest developments in the energy, water and waste spaces. Through it, we also continue to drive youth employment creation in small and growing businesses and encourage professional accreditation.

## Outcomes

Mapping the green value chain in RSA and on the continent, we assist businesses to define their green value propositions. Potential clients may then buy services and products from these SMEs according to their own social and environmental values.

We also assist with possible certification for those who want to pursue further training and provide access to markets for green opportunities. Developing a pool of green specialists with specialist competencies, Property Point also utilises a customised in-house results chain framework that is benchmarked against the Donor Committee for Enterprise Development (DCED) standards for best practice.

### July 2020 to June 2021:

Number of SMEs supported	108
Number of SMEs graduated	46
Number of SMEs linked to market	48
Full-time jobs created	24
Jobs sustained	1 066
Total revenue generated (Rm)	191
Women-owned SMEs (%)	48.8
Youth-owned SMEs (%)	20.1
Number of applications received	128
Growthpoint spend (Rm)	141
Value of contracts outside Growthpoint (Rm)	10
Total value of contracts (Rm)	151



Stakeholder engagement is a key component of an effective and impactful real estate investment business – a fact that has become more evident in the context of the Covid-19 pandemic. Our engagement can, however, only provide a superior offering to our tenants and other stakeholders when we know and understand their needs, and work with them to find solutions that meet those needs within the scope of our business.

Achieving such solutions requires integrated thinking and action from the relevant departments within Growthpoint, and of course their level of involvement is dependent on the materiality of the specific issue, relative to their responsibility. Due to the nature of our business, industry-specific challenges are often encountered, and this has to be factored into our engagement and response.

Our employees constantly interact with both internal and external stakeholders, with key touch points for external stakeholders being our procurement, development, CSR, facilities, legal, IT and marketing departments. Growthpoint works to ensure that we not only adhere to best practice recommendations, but go beyond these to deliver value to our tenants and other stakeholders.

## Engaging external and internal stakeholder groups

Growthpoint has worked hard to engage with all our stakeholders on a variety of platforms, with the objective being to give them all the information they need to make meaningful decisions. An added benefit is making sure that we have satisfied tenants and are making a positive impact in the spheres we operate in.

As a global participant in ESG issues, we appreciate the need for collaboration in extending our influence and reducing our negative impact on the environment, while simultaneously elevating society. Growthpoint has stepped up, and we are driving issues by taking leadership and encouraging collaboration.

Some of our key stakeholders, and the various ways we engage with them, are identified in the 2021 IAR on pages 16 to 19.

One of the milestones for the year under review was the development of the local economic development and transformation strategy, which provides a reference on how to engage with local communities and foster economic development. This strategy was the result of collaboration between a number of internal departments, and provides an outline of the principles and procedures to be followed when engaging with businesses in the communities where Growthpoint operates.

Our staff engagement was also extensive during FY21. We continuously provided updates concerning the pandemic and the way different lockdown levels would affect staff processes and access to our facilities. There was also increased one-on-one engagement with employees through our HR team and employee assistance programme (EAP), and via managers. In addition, a staff satisfaction survey was carried out.

Similarly, tenant engagement increased significantly over the past 18 months, and although this was, again, necessitated by the pandemic, we found it to be insightful with regard to other issues, thus improving our service delivery. In a time where tenants' needs were changing, our engagement ensured that we will remain relevant and well-positioned as the preferred provider of space.

Investors have become increasingly active on ESG issues, with such considerations now being integral to responsible investment modelling. We welcome this and remain aware of both the evolution of funding options and the growing sustainability financing market. Growthpoint was the first corporate to list a green bond in 2018 in the environmental segment of the interest rate market on the JSE, and we continue to seek opportunities that align with responsible investment prospects.

While we welcome engagement on ESG issues, many of the requests we receive for information are answered in this report. We work to meet best practice recommendations where possible and seek to add value to investors and other stakeholders.

Engaging with local municipalities is imperative. They represent an array of stakeholders and community interests, and are important members of our value chain through their provision of services. Municipal relationships have become more challenging in recent years because utility pricing has increased while service delivery levels have deteriorated. However, we will continue to work with these entities to try to address our concerns.

Municipalities have been the primary platforms through which we engaged with local communities in areas we operate in. However, we have seen our Property Point initiative playing an increasing role in this engagement, allowing us to address any community concerns more directly.

# Stakeholder engagement and operations *continued*

In the year under review, we undertook a high-level study which, although driven by our funds management business, reviewed Growthpoint’s social impact in South Africa. Our extensive work has been recognised but there is still further opportunity to improve internal collaboration. We can also improve our approach to collecting qualitative and quantitative data. Doing so will allow us to gather social insights from data trends, and facilitate the sharing of these and analyses beyond individual business units to the wider ecosystem. Below are some of the areas we aim to focus on from next year.



As Growthpoint operates mostly in urban areas, we have considered our impact on the natural environment to be relatively low, but over the past year we have nevertheless developed an environmental and social check list that will help our development team to consider social and environmental challenges when undertaking major developments and refurbishments.

South African National Building Standards are considered fundamental in all major development projects, but the number of development projects undertaken by Growthpoint has significantly reduced in the context of Covid-19. The purpose of these developments is to make improvements that benefit our tenants and the communities in which we operate, both directly and indirectly.

We engaged legal counsel to update our environmental policy. This review was undertaken to limit our environmental liability. We have reviewed our tenant ESG questionnaire and are working to simplify it to ensure that our tenants align with our own actions. To best apply this, we have identified the need for further stakeholder engagement on this issue to determine what our tenants regard as material and whether the findings align with Growthpoint’s material concerns.

Growthpoint engaged a consultancy to undertake a high-level social impact assessment. The process was to interview employees in relevant departments as well as review appropriate documentation. The primary objective was to strengthen systems for assessing and managing social risks in new developments, existing properties, refurbishments, disposal and acquisition. The secondary objective was to provide strategic recommendations on an integrated approach to ESG management aligned with IFC expectations and potential similar requests from other investors. The results have been assessed for incorporation into the business.

At Growthpoint we acknowledge the importance of human rights and as such priority is being given to understanding how our human rights policy can be effective in providing a positive and sustainable impact across our business. As part of this process we will be undertaking a human rights due diligence on our business to ascertain the extent of compliance or non-compliance to assist in introducing corrective measures to harness the effectiveness of our approach to human rights.

We are proud of our collaboration with various industry bodies such as SAPOA, SA REIT, the Property Industry Group, GBCSA and the NBI, to address industry, national and international issues. In FY21, the property industry’s overall response to the Covid-19 pandemic and lockdowns remained pivotal. Other topics that were addressed were updates to the best practice recommendations for reporting by REITs, tax issues, social transformation and environmental concerns.

## Corporate marketing and communication

Growthpoint is an established brand, and our leading position in the property industry ensures that we attract and retain clients while also maintaining loyal relationships with our stakeholders.

Our corporate marketing and communications team, which handles events, design, content and digital marketing as well as brand and project management, is responsible for establishing and increasing positive engagement with the Growthpoint brand.

Marketing’s objectives are aligned with our overall business strategy. As we continued to operate under the challenging conditions brought on by the pandemic and various levels of a national lockdown, we kept up-to-date in FY21 with the shifts in audience behaviour and preferences regarding their media consumption.

#### Key performance indicators

- Maintaining and safeguarding the Growthpoint brand and corporate identity
- Special marketing initiatives aligned with the strategic objectives of both the Group and individual sectors
- Identifying cost-effective and creative solutions for any marketing opportunities which meet the strategic objectives of Growthpoint's retail, office and industrial property sectors
- Ensuring assimilation and endorsement of the Growthpoint culture and values among all national staff (together with HR)
- Managing and measuring research and other initiatives to improve client attraction and retention
- Continuing to successfully attract and engage with our clients on all communication platforms, especially "green" digital media
- Improving client and supplier relationships through transparent, consistent communication and by providing opportunities for personal interaction
- Ensuring that our sponsorships continue to deliver value for stakeholders, with emphasis on exposure to fair opportunities for people from previously disadvantaged backgrounds
- Sponsoring various property industry gatherings and events
- Supporting our vision by providing information to stakeholders that is pertinent, significant, understandable and accurate
- Managing, measuring and increasing our social media presence.

Media relations and management are integral functions of the team, and we continued to provide relevant content to the public via our social media channels and media releases.

Events and networking opportunities are essential in building our brand, maintaining good relationships, and connecting with our stakeholders, communities, clients and target markets. The pandemic saw most of our events move to an online platform, and we were able to find creative ways to connect.

Brokers are a critical component in the success of our business, and we were able to maintain our connection with them digitally during FY21. Our Operation Destination Russia trip, which would have been a highlight for brokers, has been postponed to 2022. Instead, the winning brokers of FY21 will be heading to Gondwana Game Reserve in Mossel Bay later this year. We also acknowledge that, for many brokers, the landscape has changed radically. This has only made it more critical for us to maintain a close relationship and be proactive in our engagements. The "Space to Let" section of our website provides brokers with the necessary marketing material, and we continue to enhance this tool kit. Our retail centres have also opened new opportunities for brokers – a channel our retail sector had previously not considered, and this has served to enhance and extend our reach.

Sustainability is a core aspect of our brand's identity. We were pleased with the coverage we received for the Cintocare Head and Neck Hospital in Pretoria, which is Africa's first Green Star-rated hospital. Our Exxaro development also received a 6-Star Green Star certification. In addition, critical business

updates such as Growthpoint's successful equity raise, as well as the media briefings on our interim and full-year results were all well-publicised. This is over and above the direct engagement between our leadership and important media stakeholders.

Growthpoint is the main sponsor of Tennis SA (TSA), and a significant portion of our sponsorship is used to fund tennis development, clubs and juniors. While the pandemic continued to impact sports and recreation throughout the year, tennis is a non-contact, individual sport, largely played outdoors, making it a low risk and safe exercise option. As a result, TSA saw a 23% increase in membership numbers from June 2020 to July 2021. This has also positively impacted their tournaments, and the Growthpoint Seniors (Veterans) Nationals saw its most significant entry numbers in more than 20 years.

TSA currently operate four Growthpoint National Development Centres in Soweto, Atteridgeville, Cape Town and eThekweni. A fifth centre will be launched later this year in Mahikeng, North West province, in partnership with the provincial government. These development centres offer both safe spaces for children to spend time and learn between school and home, and employment opportunities for coaches. This year, 21 players from these centres qualified to participate in the Growthpoint Junior Nationals – the premier junior high-performance tournament in South Africa.

As the main sponsor of Squash SA, we also support the Growthpoint Squash Superstars' initiative which aims to develop previously disadvantaged, talented youth, and often collaborates with university outreach programmes.

Digital communication remains an essential pillar of our overall strategy. Our social media following continues to increase, and we are seeing a steady rise in engagements and positive interactions. In addition, our new corporate website is near completion, and has been curated to the needs of each of our stakeholders to ensure a seamless user experience.

Growthpoint's funds management business continues to hold strategic importance for the company, and our communication efforts have highlighted the funds' progression as the strategy has unfolded. Vacancies and client retention are another key focus for the business, and we have worked alongside the individual sectors on various initiatives and products to fulfil their strategic objectives.

As a large component of Growthpoint employees continued to work remotely, our internal communications were paramount in keeping our people connected, motivated and aligned with the Growthpoint culture. Due to our understanding of the toll of a global pandemic and its impact on mental health, we hosted virtual wellness events throughout the year, focusing on mental and financial wellbeing. On the lighter side, we hosted several competitions to encourage staff engagement.

# Stakeholder engagement and operations *continued*

Our senior staff members are recognised spokespeople for the property industry. Their insights continued to spark important conversations while asserting Growthpoint's position as a leading brand in the sector.

We are very aware that the way people work, and the way they consume information, is changing. Therefore, we have adapted our communication formats and channels to reach our intended audiences. Through exploring these new platforms, we have also identified new avenues and opportunities for the Growthpoint brand, and we see scope for more growth, change and innovation in our communications.

## Supply chain

Growthpoint values the role that suppliers and other stakeholders play in our ability to provide "Space to Thrive". Continuous engagement with our stakeholders is vital in ensuring that our standards are maintained while meeting our clients' expectations.

Collaboration with our internal and external stakeholders has resulted in several positive outcomes, including risk mitigation, costs efficiencies, elevated service delivery and enhanced commitment. Additionally, establishing national contracts and engaging directly with supply manufacturers has maximised our countrywide spending power.

We continue to focus on cost efficiencies, RFPs, supplier negotiations and measuring supplier development.

Maintaining our vendor supplier list is a continuous process which includes requests for updated documents, supplier changes and supplier reviews. Furthermore, we are looking at enhancing the supplier portal over the next 12 to 18 months, including an electronic RFP process.

The procurement team has played an essential role in ensuring that the payment process is correct on the new property and financial management (MRI) system. The electronic order and approval (Fraxion) system, now integrated with the MRI system, has also streamlined the payment process, reducing manual capturing and providing additional levels of authority to the system. Our move to an electronic view platform for our audit process will further streamline our operations.

For the next phase of the system development, we are looking at the automation of loading council invoices onto the MRI system. This project is currently at a proof-of-concept phase and will be taken through the standard approval process.

Due to the Covid-19 pandemic, we extended contracts for an additional year before opening them up for RFPs. This extension guaranteed another year of work for our suppliers, many of whom also faced a challenging year, and our commitment to them not only strengthened relationships but also helped to streamline negotiations on annual cost increases.

The cleaning regimes required to address the Covid-19 protocols have impacted our ability to insist on the use of "green" cleaning products, but we hope to resume this approach soon.

Growthpoint's policies came into sharp focus during FY21, and our procurement policy was updated. We also worked with other departments to develop a local economic development and transformation policy, which outlines the principles and procedures for engaging with businesses in local communities where we operate. The purpose of this policy and procedure document is to accelerate the empowerment of companies owned by previously disadvantaged individuals operating in communities near our assets and developments, and to foster community partnerships to maintain our reputation in local communities. The document aligns with the King Code IV principles of good corporate governance.

We work closely with Property Point to establish good relationships with community leaders and forums and recommend suppliers that are procurement-ready. We also assist managers and together help these suppliers perform at acceptable levels. Contracts are often extended because of these efforts. We have seen this in the case of security and pest control offerings. Our process of issuing a national small works RFP is underway, and we hope this will be sourced in the same way.

Growthpoint's B-BBEE efforts continue and we aim to engage with organisations with a minimum of a level 4 B-BBEE rating. There has been additional engagement with various departments to understand all the dynamics that require consideration. Particular attention has been placed on the practice of fronting and how to identify it. We have communicated extensively to internal and external stakeholders that any supplier found guilty of fronting will face contract termination.

## Legal

Our legal team supports the South African sectors of the business across all geographic regions and the service divisions by providing legal services and support.

In FY21 the team played an active role in ensuring that the company would be fully compliant with POPIA when it came into effect on 1 July 2021. A compliance framework was developed, an impact assessment was done, a manual was compiled and staff members were trained. In addition, data processing agreements were concluded with all third-party suppliers that process information for which we are responsible, and our standard contracts were amended to include the requisite consent to process personal information clauses.

We are actively involved in discussions with the Competition Commission, together with SAPOA and SA REIT, regarding an agreed code of conduct which the Competition Commission has requested be concluded by retail landlords.

The team also continues to assist the business with the structuring and implementation of trading and development deals; the drafting and implementation of acquisition and disposal transactions; negotiations with potential tenants to ensure the legal terms of the transaction are suitably agreed and recorded, reviewing and drafting various service level agreements (SLAs), including our CSR transactions and managing legal disputes with local authorities.

Growthpoint undertakes to adhere to all legislation. In the last year we received an administrative fine of R10 000 for not timeously submitting an audited report to the Estate Agency Affairs Board. No other fines relating to any infringement of legislation were received for at least the past five years.

## Facilities management

Facilities management is responsible for fostering a culture of collaboration that enhances the performance of our assets. The facilities management team achieves this by delivering maintenance solutions, value-added client experiences and quality facilities for the whole lifecycle of each asset, guided by best practice and legislation. By tracking and managing the capital and operational budgets, the team continued in FY21 to keep the physical assets safe and functional within the prescribed budgets. It also focused on driving down costs without compromising service levels.

In response to the Covid-19 pandemic, Growthpoint compiled a standard operating procedure (SOP) that detailed the required protocols for staff members, tenants, contractors and visitors to our sites.

The facilities management team also concentrated on managing and implementing the ongoing changes to the regulations and directives from the WHO to create a safe and healthy workplace for staff, service providers and our clients. To achieve this, the following tasks were carried out at our all sites:

- Updated implementation of the Covid-19 SOP
- Risk assessment with regard to the spread of Covid-19
- Compilation of a Covid-19 workplace health and safety plan
- Evaluation of all buildings and their mechanical installations
- Evaluation and management of all ventilation systems.

New technology continues to change the built environment and our team also made great strides in this regard, in line with the company's goals. We drive a professional client and customer-service culture throughout the business, and extract maximum value from our assets through optimum pricing models. This is achieved by ensuring that the appropriate technical organisations and professionals are appointed to improve customer service and asset performance.

Growthpoint undertook and completed a successful project to future-proof our buildings against further water shortages in South Africa. We installed additional storage tanks, introduced water-saving initiatives, and provided buildings with treated water to potable standards for non-potable use and sanitary

flushing purposes. We have also applied for a water user licence (WULA) to secure water stability and register and license all boreholes in the portfolio.

Due to disruptions in electrical supply and specifically load shedding, Growthpoint established an integrated process to support and ensure the continuity of power to our clients by securing bulk diesel storage facilities and introducing a dedicated diesel replenishment team. This was expanded by contracting a third-party supplier to improve the bulk storage and assist with diesel deliveries across the country.

Our contract administration team made good progress, and all reports are now managed electronically. We introduced an electronic KPI management module for effective and consistent supply chain management across the portfolio, in order to improve overall service delivery. Furthermore, our lift intercom systems and smart metering systems are now remotely monitored through the national call centre to improve overall operational effectiveness for our clients.

We undertook multiple roofing replacement projects, many in support of PV panel installations. A dedicated diesel replenishment team was established for the inland portfolio to support its large number of generators, and a dedicated team carried out infrared electrical compliance inspections and reports. In addition, there was a continuous drive to ensure Automatic Sprinkler Insurance Bureau (ASIB) compliance throughout the Growthpoint portfolio.

Articulating our strong emphasis on safety and compliance, we initiated several measures to improve our RIMS and raised awareness about safety among our employees and service providers.

Growthpoint's health and safety activities are based on identified risks and legal requirements linked to the physical work environment. These issues are handled by the Health and Safety Committee, as well as our team, and are addressed on an ongoing basis. Besides the minimum requirements, we have a clear vision to achieve a zero rate of workplace-related accidents.

## Health and safety

Growthpoint undertakes all its activities in accordance with our Health and Safety Policy, which aligns with the Occupational Health and Safety Act (OHSA) No 85 of 1993. This policy is for the health and safety of employees at work.

Additionally, quarterly Occupational Health and Safety Forum meetings are held and minuted, providing feedback to the SET Committee.

Growthpoint makes use of risk assessment companies, particularly for development projects, to ensure that all contractors adhere to the necessary occupational health and safety regulatory and legislative requirements. We comply

# Stakeholder engagement and operations *continued*

with all safety and compliance requirements and consistently have initiatives to drive staff awareness of health and safety measures, as well as operational staff training. During the financial year under review, no fines were imposed.

We engage with a system called "Worktrainer" that requires quarterly reporting and reviews of documentation pertinent to the management of our buildings. It is used as a key performance indicator (KPI) for operational staff. In addition, user engagement is tracked and managed to ensure all necessary data is updated. This method ensures that we meet the criteria specified in our RIMS process for building inspections and regulations.

Other avenues used to facilitate health and safety include vendor vetting management. The system provides KPIs for contractors, which are assessed quarterly. Any issues are discussed with the vendor to ensure swift resolution of any concerns. The continuous fostering of relationships between tenants and operational staff is vital to ensure good communication and compliance with building regulations.

All contracted suppliers sign SLAs and are obliged to adhere to these agreements or risk termination of their services after a consultative process. As per the mandatory signing of a Section 37 (2) agreement, vendors are liable for all health and safety on their contracted projects. Quarterly meetings are held with contractual service providers, with monthly meetings held for larger contracts. Any concerns are addressed at these meetings.

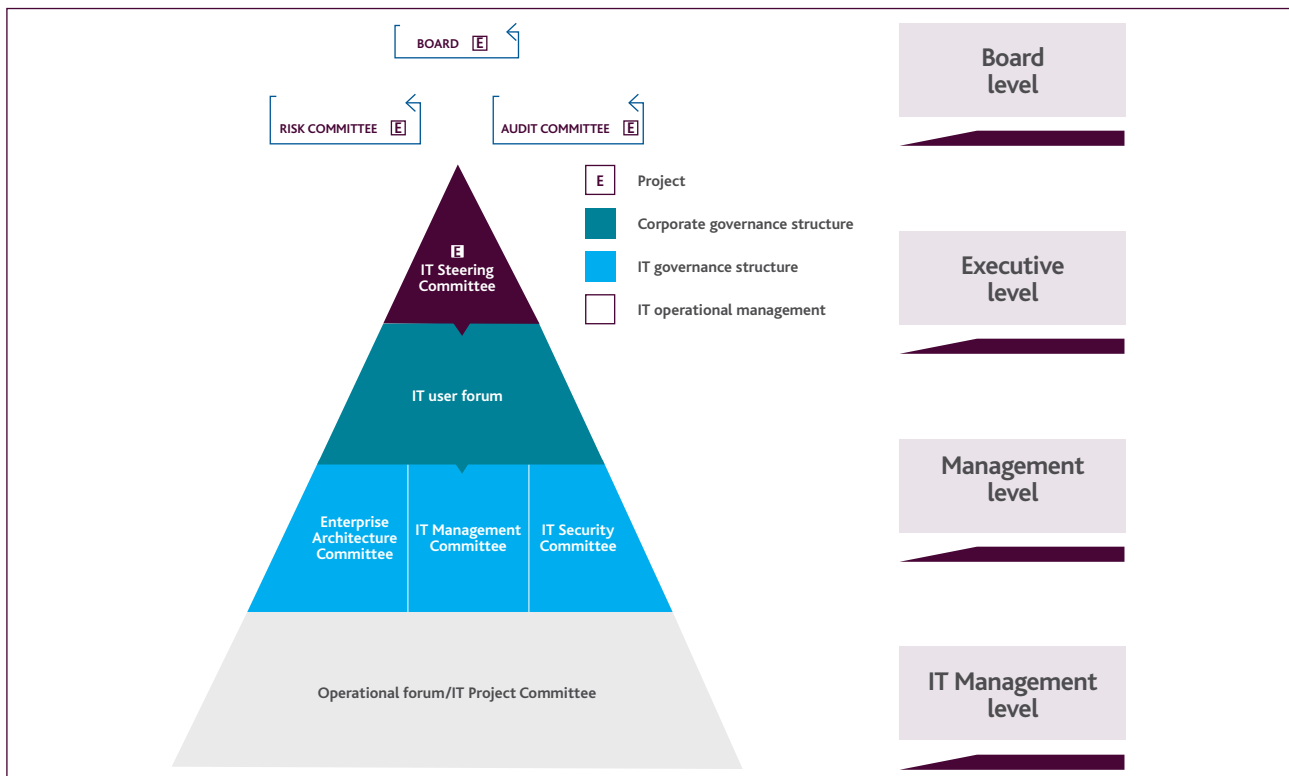
Health and safety is a key objective for ESG compliance and is assessed in the RFP process before allocating contracts to vendors. If the minimum standards are not met, we will not engage with that supplier.

A dedicated Risk Officer ensures compliance with building and fire regulations and the OHSA by performing independent building inspections and liaising with tenants when conducting building inspections, as well as facilities and property management personnel and insurers. Growthpoint's insurers undertake inspections of some buildings each year to ensure that the insured cover corresponds with the insurable risk underwritten.

Potential fire hazards in our buildings remain a key concern. Sprinkler systems have been installed and are checked in line with best practice and standards. We have identified a few buildings that have not met the necessary requirements, and we are in the process of upgrading these systems. We have also ensured that water is available on sites and have invested in water tanks over the past few years. Thermographic (infrared) scanning is done on distribution boards to identify faults. These are rectified immediately to prevent electrical fires.

## Information technology (IT)

Our IT service supports the South African sectors of the business across all geographic regions by providing information technology services and support.





We have robust governance frameworks and policies guiding our IT activities and processes. Our policies and governance are managed within the IT (COBIT) good practice framework. More detail on our policies can be found in the policies and documents section of this report.

In FY21, Growthpoint's IT team continued to play a pivotal role in our employees' ability to work from remote locations with the appropriate security.

We consider cybersecurity to be the primary IT-related risk. This is a huge challenge that requires a combination of disciplines and commitment as well as personal and financial resources. The landscape is ever-changing, and this further complicates the task. We believe in doing the basics correctly, and this includes monitoring and being proactive. Our environment is scanned regularly and we act timeously on the outcomes of these scans. Regular patching occurs while updating and new fixes are continuously installed across our environment. Measuring and monitoring happen constantly, and findings are regularly reported to the relevant committees.

We have access to both intelligence through relevant partnerships and implementable solutions for our environment. There are various levels of protection with clear steps on how to deal with breaches. Awareness training programmes allow staff to become more familiar with cybercrime and teach them how to protect both the company and themselves from various threats.

A material consideration for IT is having access to underlying data and making this available and relevant to Growthpoint. Using data analytics and business intelligence to extract information from the data enables us to make meaningful decisions. Data must therefore be securely available to the business to provide consistent information.

Consistent business logic also needs to be built into the data across all the sectors. This can be challenging because of how the data is stored in different environments and because we sometimes do not have access to the raw, underlying data. A new IT challenge is working with a global business partner that currently does not give us access to its server in the "Cloud". We are, however, working to find a solution. The situation is complex due to various security considerations, and we have found ourselves pioneering an approach that could become a standard. We are also looking at new types of replication and virtual networks.

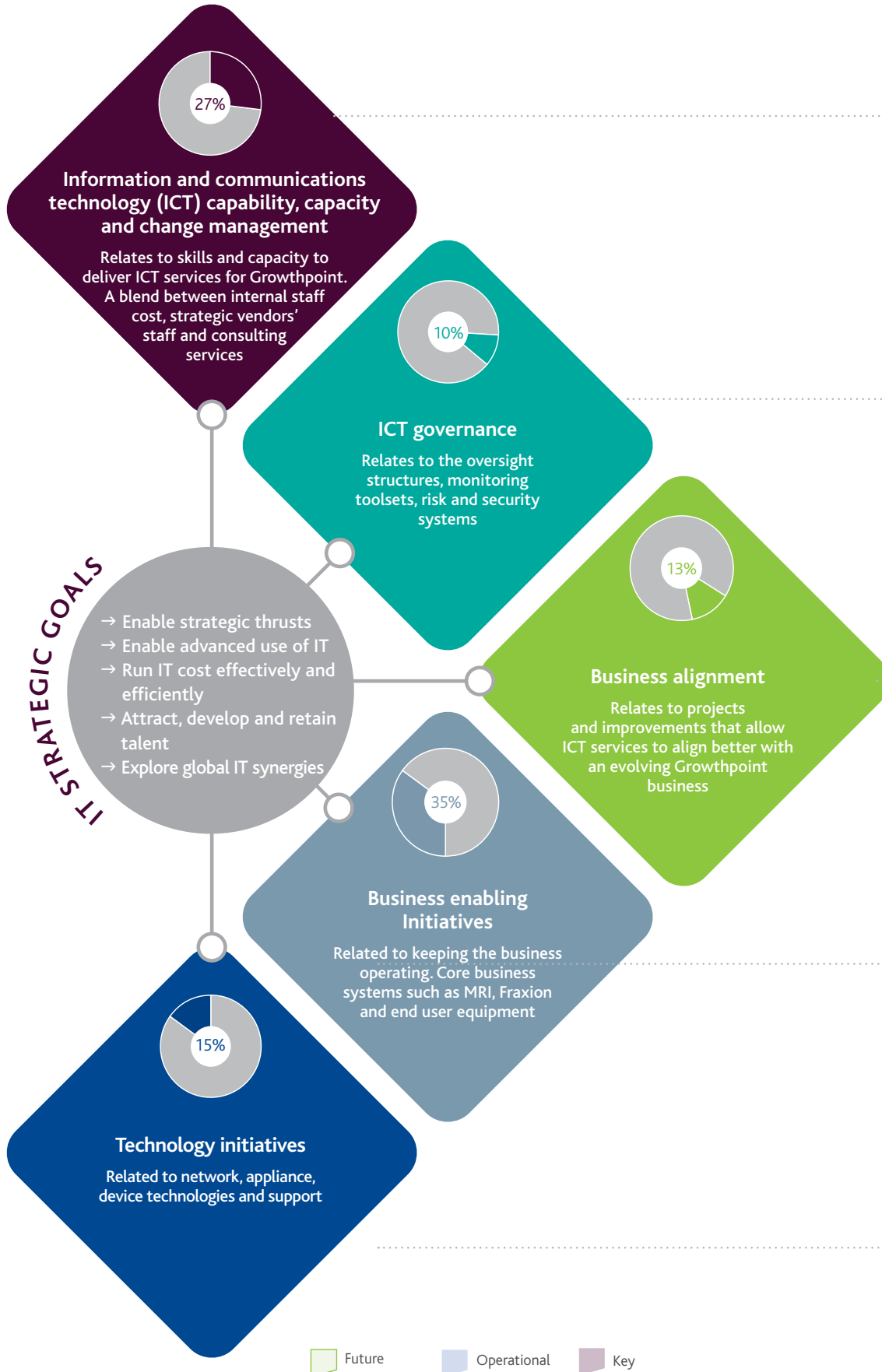
In the year under review, we focused on embedding the MRI system, although there were many hurdles in implementing a new design and business process in a large organisation such as Growthpoint. However, it is now well-embedded, and the business process is well-established. We are starting to see the benefits of MRI as a real-time online system, and this will aid us in achieving consistent business logic.

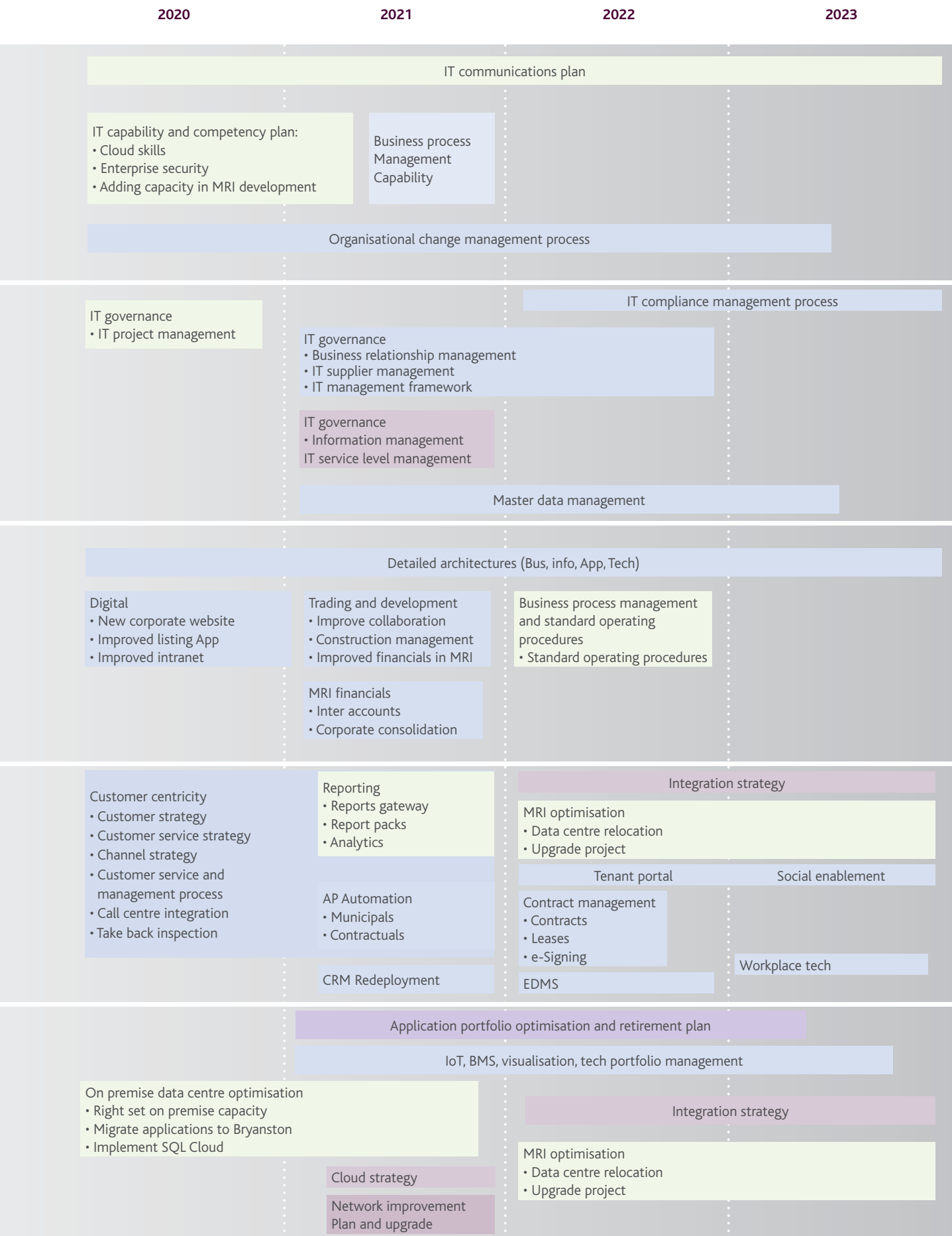
When procuring IT systems and equipment, Growthpoint prefers to buy "tier 1" products with strong reputations, build consistency and good support. Better quality equipment has served us well over extended periods, and we are also careful to buy appropriate infrastructure that is well-suited to the business.

Growthpoint keeps up to date on new technology to assess whether we may want to adopt it. We are in the process of decommissioning our Sandton data centre and moving to a hosted data centre that provides the appropriate energy efficiencies and power supply protection, cooling, and fire protection. This move offered greater efficiencies and cost savings compared to maintaining our own data centre. We are not using the data centre to its full capacity and this is a big drive going forward, although we have to be very careful in moving our data to ensure it is safe, secure and reliable.

# Stakeholder engagement and operations *continued*

## IT strategy





# Growthpoint Healthcare Property Holdings Limited (GPHH) and ESG

Growthpoint Healthcare Property Holdings (RF) Limited (GPHH) is an unlisted fund which invests exclusively in healthcare property assets. The fund's assets are characterised by long leases, with many hospitals being longstanding landmarks in their communities. GPHH has an investment mandate to acquire and develop acute, day and specialist hospitals as well as laboratories and biotechnology manufacturing, warehousing and logistics facilities in South Africa.

These assets currently have a direct impact on the health and wellbeing of communities in South Africa. The fund's tenant operators of the assets include Cintocare, Netcare, Busamed and Mediclinic. The fund had six assets at the end of FY21, and took transfer of its seventh in August 2021.

The sustainability of the healthcare sector depends on established hospital operators. GPHH looks to work with established hospital operators with sound fundamentals. In the South African healthcare context, there are opportunities for GPHH to add value by increasing access to the basic human right of healthcare through the development of new assets and partnerships with like-minded operators. These opportunities often exist in underserved areas and communities.

In FY20, Kagiso Capital increased its holding in the fund to 15% of the issued share capital. It intends to match this with a 15% investment in the fund's management company and this arrangement is in progress. This transaction further aligns the fund with South Africa's B-BBEE objectives.

Healthcare properties are generally resilient and tend to maintain their performance in downturns and rebound quickly in upturns. Even though Covid-19 did not spare any economic sector, including healthcare, this resilience proved to be true in the GPHH portfolio. Hospitals were unprepared for the first wave, during which elective procedures – which can make up anything from 40% to 80% of revenue – were prohibited for a few months. But they quickly learned to manage staffing, PPE and ways of treating those with or without Covid-19 in the same facility. The fund's hospitals made a quick recovery and were relatively unscathed by the second wave, so we are confident that they can cope well all the way through the third wave, and in any similar future scenarios. All rental deferments given to assist hospital operators during the first wave had been recovered by end-June 2021, except three months' worth from one facility.

The pandemic has crystallised gaps and opportunities in South Africa's healthcare sector and this paints a positive picture for the fund's growth. There remains a great need for more private sector hospital beds and healthcare facilities in some provinces. These include acute and day hospitals, laboratory facilities and biotechnology manufacturing, warehousing and logistics properties. GPHH is ideally positioned to play a role in meeting these needs.

The year under review has seen GPHH give increased attention to ESG considerations. GPHH has an arm's-length involvement in the operation of its buildings due to the specialised nature of the services being offered. However, this does not mean that the fund is not exposed to risks relating to these facilities, and it needs to be proactive in understanding the full extent of these risks, what it can do to mitigate them and what it should expect from tenants with regard to operating in a responsible manner.

Initial steps taken in FY21 are:

- The development of a specific environmental policy for GPHH
- Work to ensure that ESG provisions are standard in GPHH lease agreements. This is in its final phase
- A high-level social impact assessment, the findings of which are under consideration for inclusion in the GPHH investment process
- The compilation of a questionnaire for tenants to complete annually to ensure that operations are managed ethically and responsibly.

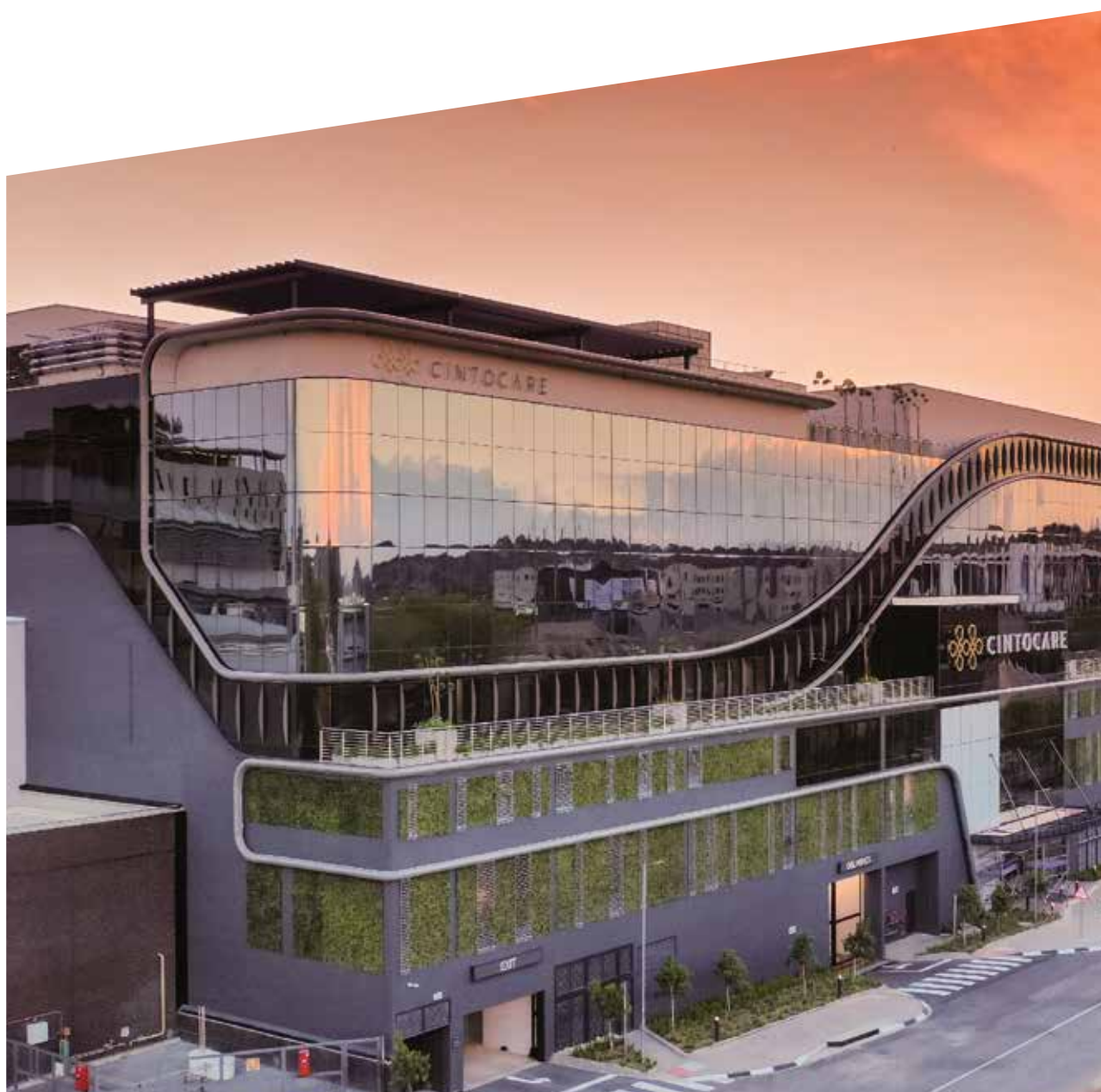
The International Finance Corporation (IFC) has finalised its investment of USD80m in a combined equity and convertible debt package to finance the development and acquisition of properties for GPHH. This investment is an endorsement of the fund's robust ESG credentials, which are key considerations for investment by development finance institutions (DFIs) and other local and international institutional investors.

Monitoring the utility consumption effects on the environment is an area of continuous improvement. GPH's carbon footprint boundary of "own and control" excludes many of the healthcare facilities. It has water and energy data for two buildings and the carbon emissions related to these. This sector produces waste that requires specialised management and treatment, and tenants are expected to comply with regulatory requirements in this regard.

Building	GLA m <sup>2</sup>	Energy kWh	Intensity kWh/m <sup>2</sup>	Water kl	Intensity kl/m <sup>2</sup>	Carbon emissions tCO <sub>2</sub> e	Intensity tCO <sub>2</sub> e/m <sup>2</sup>
N1 Medical Chambers	4 454	379 627	85.21	1 227	0.27	419	0.001
Cintocare	17 927	1 615 301	90.10	9 534	0.53	1 656	0.001

The Cintocare specialist hospital in Pretoria, custom developed by Growthpoint and transferred to the fund in early FY22, is the first hospital in Africa with a 5-Star Green Star environmental rating.

GPH relies on Growthpoint's governance infrastructure and guidance. It has its own Board of Directors and Audit and Risk Committee.



Cintocare Hospital, Menlyn Main, Pretoria, South Africa

# Governance

As Covid-19 continues to stress test the business, effective governance has become even more important in preserving stakeholder value. Our governance framework ensures that all aspects of our business are managed to achieve the desired outcomes. This governance philosophy is based on, and aligned to, the King IV Report on Corporate Governance for South Africa (King IV™\*) as well as a sturdy foundation of ethical leadership, corporate citizenship, sustainable development, stakeholder inclusivity and integrated thinking and reporting.

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

## The Growthpoint Properties Limited Board of Directors (the Board) is responsible for leading the company with integrity.

The Board is the focal point and custodian of the governance framework including through its committee structures. Good governance at Growthpoint contributes to living our values through enhanced accountability, a transparent and ethical culture, sound risk management, a focus on effective control and robust performance of the business. We optimise the use of our capitals and address our key risks while taking advantage of existing opportunities.

In a very uncertain and unstable operating environment, with increased regulatory and financial pressures due to business failures, the company acknowledges the need to carefully maintain a balance between delivering on the expectations of shareholders, regulators and other stakeholders and ensuring a sustainable business. Tough decisions had to be made during the financial year to achieve the latter amid the continuing pandemic.

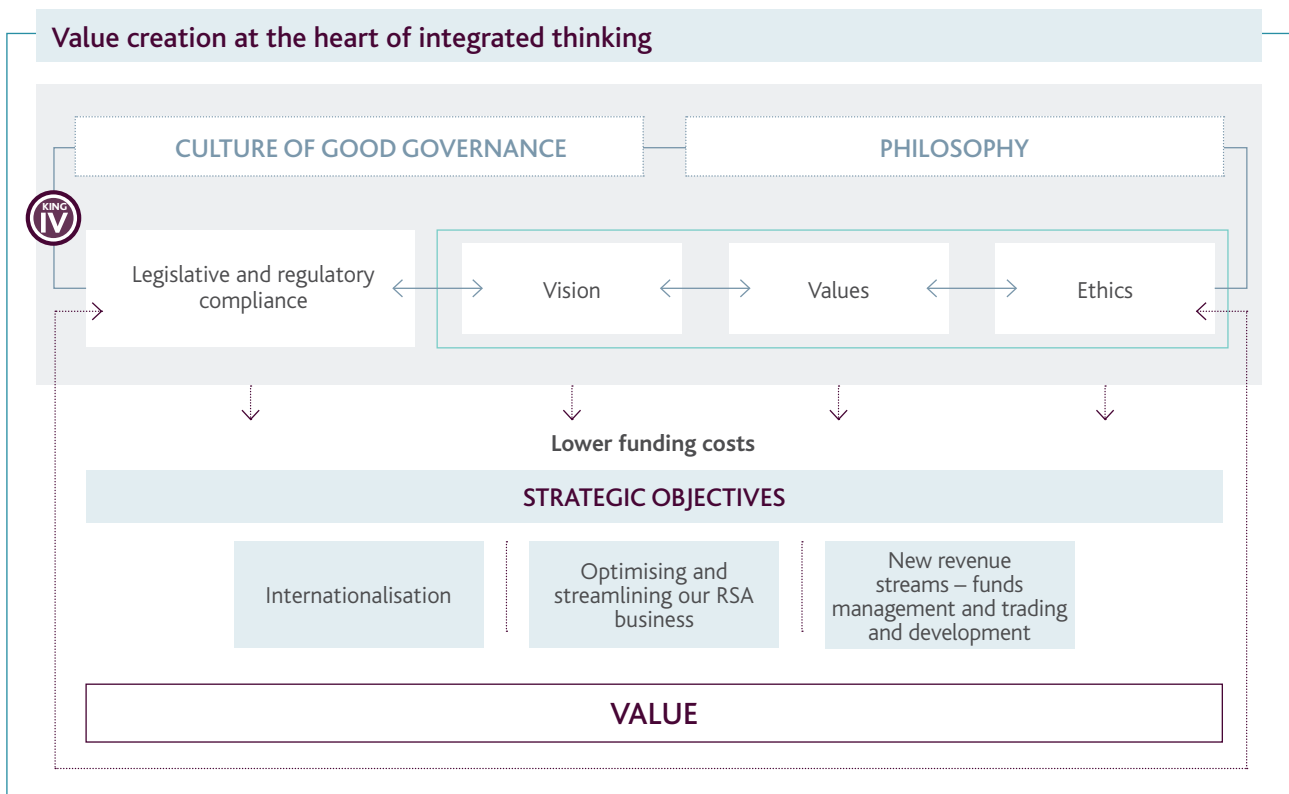
### Creating value with good corporate governance

By upholding the highest possible corporate governance standards, Growthpoint provides all its stakeholders with the assurance that it is a well-governed and well-conducted business.

Sound corporate governance practices are implicit in our values, culture and processes and our internal controls promote an awareness of risk, compliance and good governance in every area of the business. By ensuring that our structured governance frameworks are firmly in place and that the various governance processes are incorporated in all our activities, the Board can focus on the business and make well-informed decisions that are in the company's best interests.

Our good governance standards are reflected in Growthpoint's track record of consistent performance over the years, which assures our stakeholders of our predictability, accountability, transparency and sustainability.

Growthpoint has the advantage of a stable management team. Although the Board has seen some significant changes over the past 24 months due to the rejuvenation process. We are confident that the Board has the appropriate balance of knowledge, skills and experience and the independence required for objective and effective governance. These criteria are assessed separately and addressed in more detail in the report.



# Corporate governance *continued*

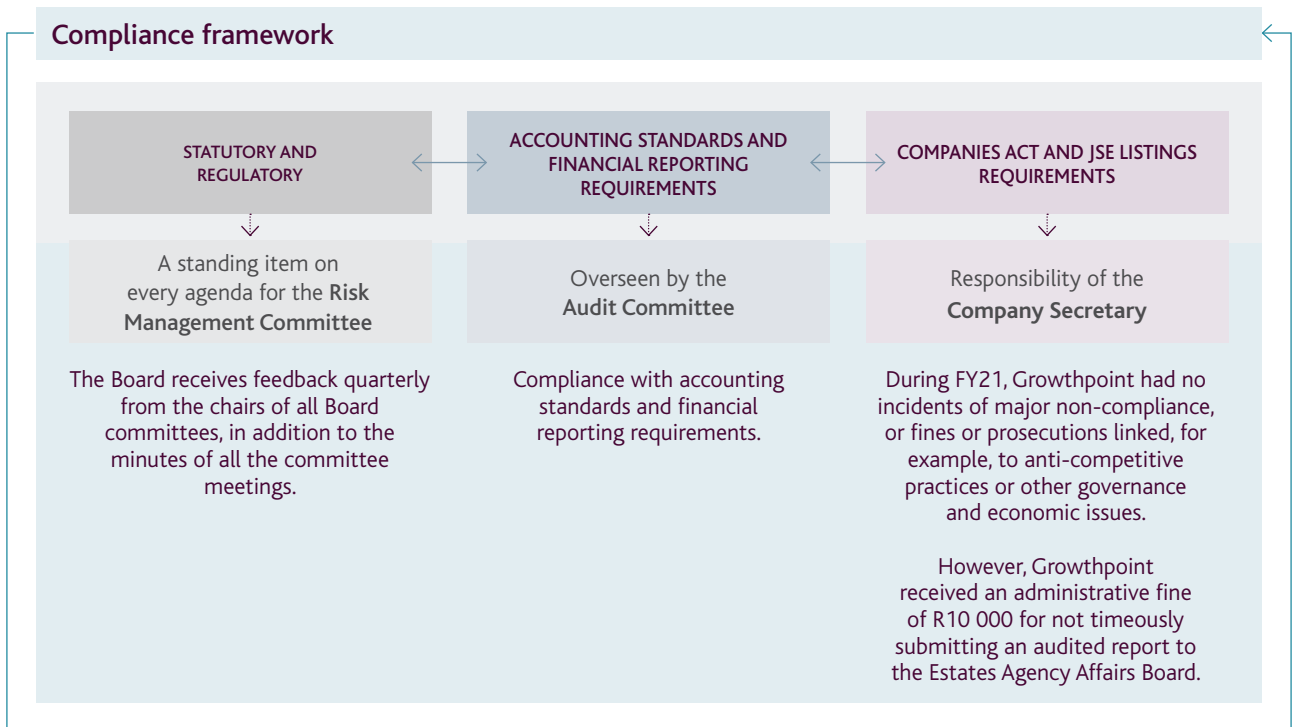
## Philosophy

The creation of value is at the heart of integrated thinking and governance in Growthpoint and therefore extends beyond legislative and regulatory compliance. Management strives to foster an enterprise-wide culture of good governance linked to the company's business philosophy, which incorporates our vision, values and ethics. The Board and management subscribe to the philosophy that corporate governance, built on an ethical and values-based foundation, permeates through all business

activities and enables the company to achieve its strategic objectives.

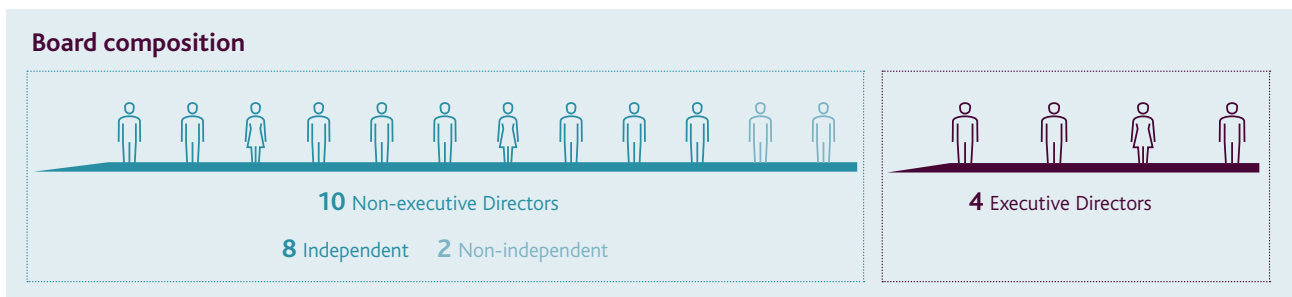
## Legislative and regulatory compliance

The company has remained compliant with the Companies Act, No 71 of 2008, as amended (the Act), JSE Listings Requirements (debt and equity), Company statutes, MOI, the Board Charter and the terms of reference of Board committees are aligned with relevant provisions of the Act and King IV.



## The Board of Directors

As at the date of issue of this report, Growthpoint had a unitary Board comprising 14 directors in total: four Executive Directors and 10 Non-executive Directors, 8 of whom are regarded by the Board as independent.



The expertise and business experience of each of the Executive and Non-executive Directors enable them individually and collectively to evaluate strategy, assess the company's performance and act in Growthpoint's best interests.

## Independence of the Board

In FY20, the Board conducted its annual independence assessment of the Non-executive Directors using an independent consultant, who oversaw the process and confirmed its integrity. As there were no changes to the Board in FY21 this independence assessment was confirmed.

Despite the fact that two Non-executive Directors are considered to be non-independent, the Board has concluded that they act and exercise their minds independently in their roles on the Board and respective committees.



## Independent skills profiling and assessment process



### Governance structures

Effective governance structures and processes ensure that proper supervisory oversight is exercised at all levels in the organisation.

### Skill and experience

The process to rejuvenate the Board commenced during 2019 with an independent skills profiling and assessment to enable proper succession planning. This assisted Growthpoint to ensure that the skillsets of newly appointed Directors are complementary to those of the current Directors. Skills gaps identified during the assessment have now, to a large extent, been addressed.

As a result of the rejuvenation process, in 2019 Mr FM Berkeley and Mr JA van Wyk were appointed by the Board and in 2020 the board appointed Mr R Gasant, Mrs KP Lebina and Mr AH Sangqu. On 14 September 2021 Mr M Hamman was appointed. The above appointments are all in the capacity of Independent Non-executive Directors.

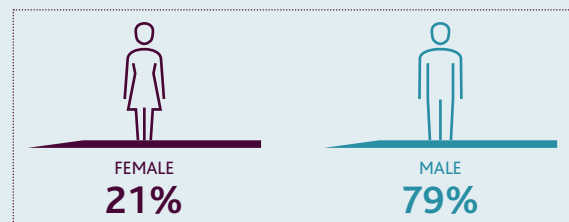
### Succession

Succession planning to ensure complementary skill sets and experience is an ongoing exercise. We believe in fostering diversity across the organisation. The Board considers candidates who represent a diverse spectrum of skills, age, race, gender and culture. It is committed to women holding Board positions. There are Board policies for gender and racial diversification.

### Diversity and inclusion

The Board has adopted a Board-level gender diversification policy with a voluntary 30% target for female representation, including black women. (Currently, the three female Directors represent 21% of the total number of Directors.)

#### Gender diversification



#### Voluntary target



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.

### Tenure

We have several longer-serving Directors who, because of their experience and insight, have made a particularly robust contribution to the company.

## Corporate governance *continued*

The Board has resolved that a tenure policy will enhance independence. Non-executive Directors have a fixed 12-year term, irrespective of whether their elected term has run its course. If requested by shareholders, a Non-executive Director's tenure could be extended beyond this. However, they would be required to resign at each subsequent annual general meeting (AGM) and be re-appointed.

### Directors with tenures of 12 or more years as at 30 June 2021

Name of director:	JC Hayward	JF Marais**	NBP Nkabinde
Year of appointment:	2001	2003	2009
Status:	Independent	Non-independent	Independent
Number of years in service	20 years	18 years	12 years
	Retiring at the AGM on 16 November 2021	Retiring at the AGM on 16 November 2021	

\*\* Partner at Glyn Marais Inc. which provides legal services to the Group.

### Limits to additional directorships for Non-executive Directors

The Board has further resolved that the Non-executive Directors on the Board should not hold more than four directorships, including Growthpoint, or one chairman position outside Growthpoint and two Non-executive Director positions including Growthpoint. These positions may not be on a competitor company's Board.

The Chairman of the Board is limited to one additional chairman position or two Non-executive Director positions outside Growthpoint.

The reason for these restrictions is that the individual directors need to ensure that they have the necessary capacity to prepare adequately for meetings and attend all Board and committee meetings.

With regard to Non-executive Directors on the Growthpoint Board, additional Non-executive Directorships are subject to approval by the Chairman of the Board. Additional directorships for the Chairman are subject to approval by the Lead Independent Director.

The Chairman of the Board may, at his/her discretion, approve directorships outside of the set criteria or decline to approve additional directorships within the set criteria, if the Chairman considers this to be in the best interests of the company. In exercising this discretion, the Chairman should inform the Board and should not exercise the discretion in respect of himself/herself without Board approval.

### Limits to external board positions for Executive Directors

Growthpoint Executives are not permitted to serve on external boards. Any exceptions are subject to the discretion of the Board. Growthpoint Executive Directors may only hold other directorships in Growthpoint subsidiaries and associated companies or in companies set up for personal and/or family purposes that are not in competition with Growthpoint.

### Attendance at meetings

The Board meets quarterly and on an *ad hoc* basis if required. The quorum requirements of Growthpoint's MOI are always considered when scheduled or special meetings are convened. Due regard is given to recusal of Directors where conflicts of interest or related-party situations exist or could arise.

Details of attendance at Board and committee meetings in FY21 are set out below. Board members are encouraged to serve on at least two Board committees.

Four scheduled and four special Board meetings were held during FY21. Two of the special meetings were dedicated to strategy (held over three days in total). In all cases where Directors or committee members were unable to attend a meeting, the Board or respective committee granted their leave of absence.

	Board	Governance and Nomination Committee	Audit Committee	Risk Management Committee	Property and Investment Committee	Social, Ethics and Transformation Committee	Human Resources and Remuneration Committee
JF Marais	8/8	2/2		4/4**			6/6
FM Berkeley	8/8	2/2**	7/7**		4/4		6/6
NO Chauke	7/8			4/4*		4/4*	5/5*
EK de Klerk	8/8	2/2*	4/7*	4/4*	4/4*	3/3*	5/5*
MG Diliza <sup>(1)</sup>	6/6	1/1			2/2	2/2	
LA Finlay <sup>(2)</sup>	1/1						
R Gasant	8/8	2/2	7/7	4/4			
JC Hayward	7/8	2/2	3/3	4/4			6/6
KP Lebina <sup>(3)</sup>	5/5		4/4	2/2			
SP Mngconkola	8/8			2/2	2/2	4/4	
R Moonsamy <sup>(1)</sup>	5/6				3/4	2/2	
NBP Nkabinde	8/8			2/2		4/4	2/2
LN Sasse	8/8	2/2*		4/4*	4/4*		4/5*
AH Sangqu <sup>(3)</sup>	5/5	1/1	2/2			3/3	
JA van Wyk	8/8	1/1	7/7	4/4	4/4		
FJ Visser <sup>(1)</sup>	6/6	1/1		2/2			4/4
G Völkel	8/8		7/7*	4/4*	4/4*	4/4*	1/1

<sup>(1)</sup> Mr MG Diliza, Mr R Moonsamy and Mr FJ Visser retired at the AGM of 8 December 2020.

<sup>(2)</sup> Ms LA Finlay resigned on 7 July 2020.

<sup>(3)</sup> Mrs KP Lebina and AH Sangqu were appointed on 21 September 2020.

\* Executive – permanent invitee.

\*\* By invitation.

Human Resources and Remuneration Committee held two special meetings in addition to the four normal scheduled meetings during the period.

# Corporate governance *continued*

## Directors' remuneration

Directors' remuneration is subject to annual review by the Human Resources and Remuneration Committee (Remco) and recommended to the Board and submitted for approval at the AGM. The fees for FY21 were approved at the AGM held on 8 December 2020.

At its meeting on 31 May 2021, Remco recommended a 4% increase (FY20: Nil) in Non-executive Directors' remuneration for FY22 and this recommendation was approved by the Board on 14 September 2021.

Shareholders will be asked to approve, by way of non-binding votes, the company's overall remuneration policy and implementation for FY22. The remuneration report containing this information is included in this section of this report.

Directors' remuneration is disclosed in the AFS in line with the Listings Requirements of the JSE Limited. The key performance aspects linked to the remuneration of Executive Directors are described in the remuneration report.

## The Chairman

**Mr Francois Marais**

*Non-executive Director*

The roles of the Chairman of the Board and the Growthpoint Group CEO are separate, and they operate independently of one another.

The Chairman, Mr JF Marais, is a Non-executive Director. His responsibilities are contained in, but are not limited to, the Chairman's Charter. They include:

- Providing overall leadership to the Board and its committees
- Leading and managing the business of the Board, without limiting the Board's collective responsibility
- Serving as the link between the Board and the management of Growthpoint
- With Remco, assessing the performance of the Group CEO
- With the Group CEO, evaluating the performance of the other Executive Directors at least annually.

## The Lead Independent Director

**Mr John Hayward**

*Independent Non-executive Director*

The role of Lead Independent Director is to:

- Strengthen the independence of the governing body if the chair is not independent
- Lead in the absence of the chair or in the instance where the chair is conflicted
- Act as an intermediary between the chair and other members of the governing body
- Deal with shareholder concerns if normal channels have failed
- Lead the performance appraisal of the chair.

## Board responsibilities and accountability

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. Directors are required to abide by Growthpoint's Code of Ethics and policies promoting ethical behaviour to ensure that they act with independence of mind and integrity.

The Board is guided in all matters by the Board Charter, which sets out its responsibilities. These include:

- Governing, directing and monitoring the performance of the business as a going concern and presiding over material business decisions
- Approving the company's strategic plans and objectives
- Managing risks to the business, mainly through the Risk Management and Audit committees
- Providing direction to and evaluating the performance of management.

The Board (either itself or through the Governance and Nomination Committee) periodically reviews its composition relative to the skills, knowledge and experience needed to provide strategic direction, leadership and representation in terms of gender and race.

The Non-executive Directors are independent of management and are free from relationships that could affect their judgement as Directors. The Board is accountable to the company but is also always cognisant of stakeholder expectations and interests. In its decision making, the Board adopts a collaborative approach to governance.

## Access to information

Non-executive Directors have unrestricted access to company information and members of management as well as unrestricted access to Executive Directors. To help them execute 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, the external auditor and the internal auditor.

## Formal Board and committee self-assessment

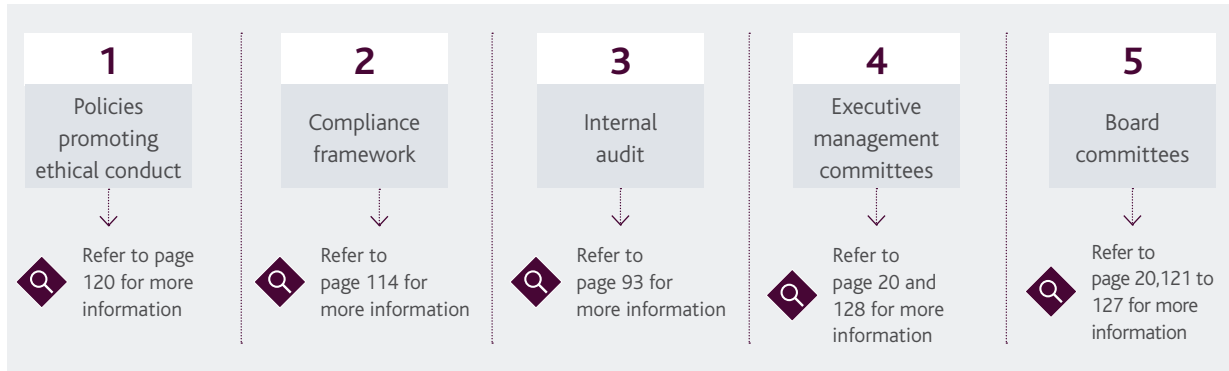
In July 2021, the Board, along with the HR and Remuneration, Audit, Property and Investment, Risk Management and Social, Ethics and Transformation committees, conducted a formal self-assessment process. The overall outcome was positive. Feedback was provided to the Board and the respective committees at their meetings held in August/September 2021.

## Code of Ethics and business conduct

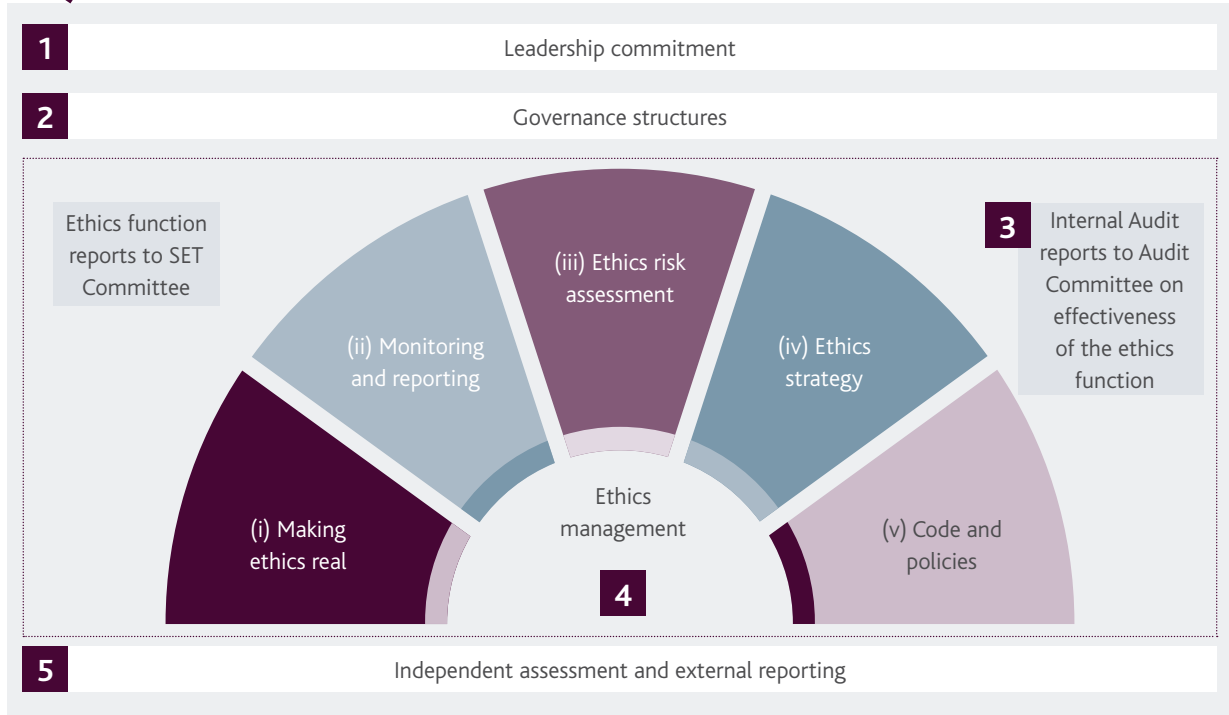
The Code of Ethics statement aims to ensure that Growthpoint conducts its business in line with the highest ethical standards.

The statement seeks, in particular, to ensure compliance with relevant legislation and regulations in a manner that is beyond reproach.

## Governance structures



## 1 Governance of organisational ethics\*



\* Framework adopted and developed in association with the Ethics Institute.

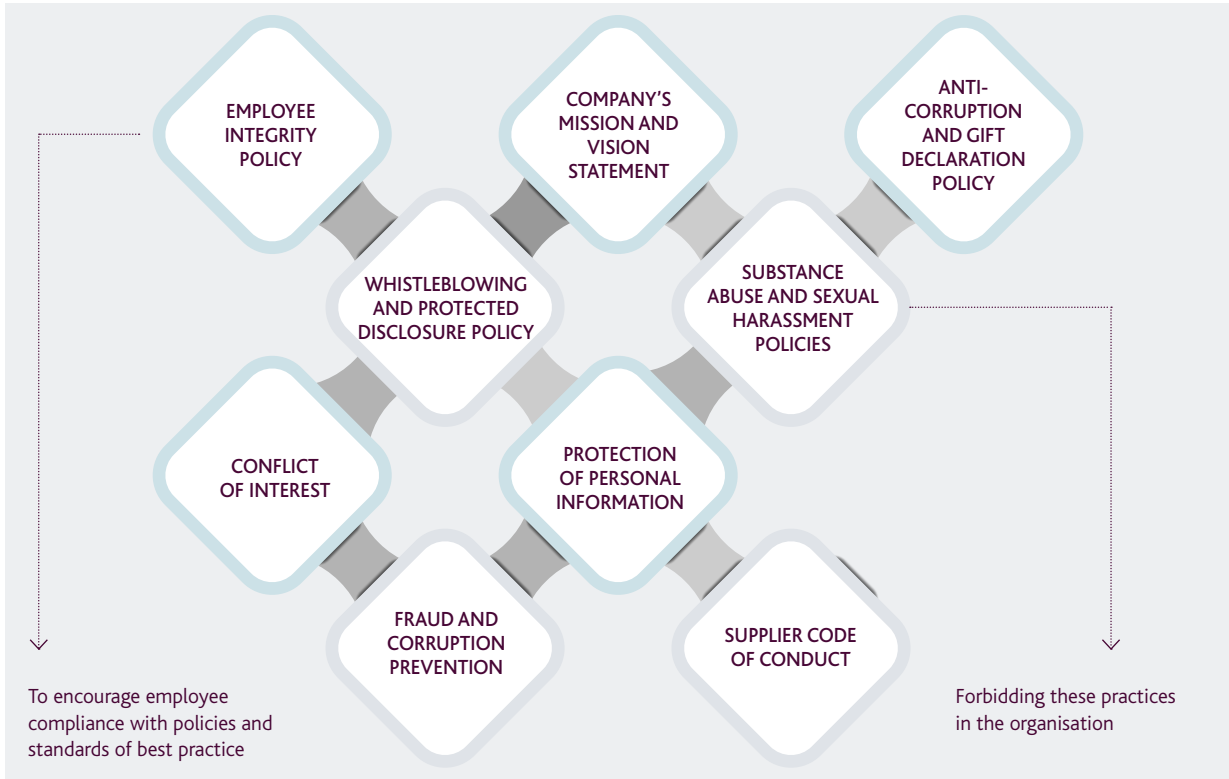
Growthpoint has engaged the Gordon Institute of Business Science to conduct an ethics risk assessment and, based on the results, will formulate an ethics strategy. Several policies must be read in conjunction with the Code of Ethics, for example the policies dealing with conflicts of interest, fraud and corruption prevention, anti-corruption and gift declaration policy, protection of personal information and supplier code of conduct.

An essential feature of the strategy is creating awareness of these codes and policies among employees and new entrants via various platforms. Monitoring and reporting to the Board will be via the Social, Ethics and Transformation Committee with Internal Audit providing assurance to the Audit Committee on the effectiveness of the ethics function.

# Corporate governance *continued*

## 2 Policies promoting ethical conduct

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



Growthpoint has a **whistleblowing 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 whistleblower will remain anonymous!

0800 167 463

**GROWTHPOINT**  
PROPERTIES



## 3 Internal audit

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

## 4 External audit

EY acted as the external auditor for Growthpoint SA and its subsidiaries. The independence of the external auditor is reviewed every year by the Audit Committee with the auditor. The external auditor attends all Audit Committee and Risk Management Committee meetings and has unrestricted access to the Chairmen of both committees.

## 5 Board committees

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

# Policy and governance documents

Governance	
<b>Anti-corruption and gift policy</b>	Growthpoint's commitment to compliance by the Group, and its officers, Directors, employees and agents with local and international anti-bribery or anti-corruption laws that may be applicable.
<b>Breach of the company's business practice</b>	Growthpoint believes that it employs people who perform to the best of their ability and act in accordance with Growthpoint's philosophies. Any transgression of our practices will be dealt with on an individual basis, in the best interests of the company. If any of the company's standards are breached and such a breach requires formalised intervention, Growthpoint will, where appropriate and practical, intervene and act in accordance with the guidelines for fair procedure set out in the relevant policies and legislation.
<b>Business Code of Conduct</b>	Employees are expected to conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust. Integrity and confidence are critical to our reputation and sustainability.
<b>Closed periods</b>	When Growthpoint is in a closed period (prior to the half year and the year-end results), or events as determined by the JSE Listings Requirements, no Director or employee may trade (buying or selling) in Growthpoint shares or any derivative thereof. Directors are to obtain approval from the Chairman and employees from the Group CEO before trading in Growthpoint shares. The rules apply to personal account dealings undertaken by any employee or any of their associates, either for their own account or for the account of an associate.
<b>Code of Ethics</b>	The Growthpoint Code of Ethics (Code of Ethics) applies to all employees. This Code of Ethics is based on our core values and is a promise to all our stakeholders that we will combine our entrepreneurial spirit with a commitment to responsible business practice. It stipulates morally acceptable behaviour within an organisation. It defines the moral standards or guidelines that need to be respected by all members of an organisation in their dealings with internal and external stakeholders.
<b>Confidentiality</b>	Confidentiality obligations on Directors, officers and employees of Growthpoint and its subsidiaries who come into possession of material, non-public/price sensitive information concerning the company who are required to safeguard the confidentiality of the information and may not intentionally or inadvertently communicate it to any person unless such a person has a need to know the information for legitimate company-related reasons. This duty of confidentiality is important to both Growthpoint's competitive position and the insider trading laws and JSE regulations applicable to Growthpoint as a public company.
<b>Conflict of interest</b>	Should Directors, members of a Board Committee, Executive Management or employees believe that a potential transaction/activity that may constitute a conflict of interest or interfere with their responsibilities to the company, such a director, Committee member, Executive or employee is expected to disclose this. The company maintains that disclosure and transparency mitigates against and avoids conflicts of interest.
<b>Corporate social responsibility</b>	Guidelines and assistance for implementing the socio-economic development (SED) elements of CSR, and the enterprise and supplier development (ESD) elements of broad-based black economic empowerment (B-BBEE). The policy also specifies the exclusions of funding: <ul style="list-style-type: none"> <li>• Profit-making companies, unless in the case of enterprise and supplier development</li> <li>• Animal-related organisations or programmes</li> <li>• Religious organisations</li> <li>• Political parties or associations with political affiliations</li> <li>• Labour movements/unions</li> <li>• Organisations that have been in existence for less than one year.</li> </ul>
<b>Disclosure and crisis management</b>	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.
<b>Environmental policy</b>	Growthpoint's commitment to responsible environmental conduct. Areas of consideration include climate change and carbon emissions, energy, water, waste, renewable energy and biodiversity.
<b>Human rights policy</b>	Growthpoint acknowledges its responsibility to respect human rights in its business. Our human rights policy elaborates on the requirement within our Business Code of Conduct and Ethics to treat everyone whom we encounter with fairness, respect and dignity.
<b>Risk management</b>	The Board has overall responsibility for the adoption, oversight and reporting of Growthpoint's risk management framework. Growthpoint's risk framework encompasses four distinct categories.

## Policy and governance documents *continued*

Governance	
<b>Treasury policy</b>	<p>The purpose of this policy is to set up a framework for managing financial risks across the Growthpoint group.</p> <p>The policy:</p> <ul style="list-style-type: none"> <li>• Defines the financial risks to be managed</li> <li>• Specifies the objectives in managing these risks</li> <li>• Delegates responsibilities to those managing the risk.</li> </ul>
<b>Whistleblowing and protected disclosure</b>	<p>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. All stakeholders can use our whistleblowing hotline: 0800 167 463</p>
Operations	
<b>Business rescue strategy</b>	<p>Highlights Growthpoint's business rescue strategy in line with Chapter 6 of the Companies Act 71 of 2008, as amended (Companies Act). This legislation was mainly introduced to reduce the amount of liquidations in the industry, to save employment and to replace the old "Compromise of creditors" in terms of section 155 of the Companies Act.</p>
<b>Credit policy and processes</b>	<p>Provides guidance on leasing facilities to our clients with the minimum of risk and the ongoing improvement in processes and service to enable a secure and sustainable return to our shareholders.</p>
<b>Health and safety policy</b>	<p>Our policy prepared in line with the Occupational Health and Safety Act, No 85 of 1993, which provides for the health and safety of people at work and when using plant and machinery, as well as the protection of people other than those at work against hazards to health and safety arising out of or in connection with the activities of people at work.</p>
<b>Local economic development and transformation strategy</b>	<p>This policy document is intended to outline the principles and procedures to be adhered to when engaging with businesses in local communities within which Growthpoint operates.</p>
<b>Managing of Covid-19 policy</b>	<p>This policy sets out:</p> <ul style="list-style-type: none"> <li>• Growthpoint's approach to Covid-19 and how the business, its employees and its stakeholders are to act in order to decrease the spread of this illness and lower its impact in the workplace.</li> <li>• The related measures and controls which have been implemented within Growthpoint's operations, workplaces and facilities with immediate effect, in order to address and manage the risks and hazards posed by Covid-19.</li> </ul>
<b>Procurement policy</b>	<ul style="list-style-type: none"> <li>• This policy supports the basic principles associated with procurement i.e. value for money, open and effective communication, ethical and fair dealing, accountability and reporting within the ambit of superior service delivery. The policy is committed to: <ul style="list-style-type: none"> <li>– A fair and transparent process</li> <li>– Contributing to economic empowerment as per the B-BBEE Code of Good Practice</li> <li>– Management and monitoring progress against procurement objectives</li> <li>– Holding individuals accountable for purchasing decisions meeting full requirements.</li> </ul> </li> </ul>
<b>Sponsorship policy and procedure</b>	<p>This policy highlights that the RSA Exco will consider and agree on sponsorship proposals as and when suitable opportunities present themselves. It further highlights sponsorship criteria and guidelines.</p>
<b>Supplier Code of Conduct</b>	<p>Growthpoint is strongly committed to full compliance with global human rights, labour standards, environmental laws and ethical business practices as related to goods or services provided to Growthpoint, or to any activity undertaken as a licensee, distributor, representative or as one having similar rights. Growthpoint further conducts business strictly in accordance with its Code of Business Conduct, and expects all parties involved to strictly comply with such Code of Conduct and will further and without limiting the foregoing comply with the following principles:</p> <ul style="list-style-type: none"> <li>• Legal requirements</li> <li>• Health and safety</li> <li>• Employment practices</li> <li>• Environmental practices</li> <li>• Ethical conduct</li> <li>• Compliance.</li> </ul>



<b>The Board</b>	
<b>Audit Committee terms of reference</b>	Assists the Board in ensuring adequate processes are implemented and maintained, adequate accounting records are maintained and managed, design-effectiveness of internal financial controls, and the integrity of the annual financial statements.
<b>Board Charter</b>	Provides the overall purpose and objectives of the Board, membership and responsibilities, accountability, and self-assessment.
<b>Board gender diversification policy</b>	Growthpoint's commitment to gender diversification on the Board. 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.
<b>Board racial diversity policy</b>	Growthpoint's commitment to racial diversification on the Board. 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.
<b>Governance and Nominations Committee Charter</b>	<p>Responsible for the establishment, reviewing, and monitoring of the adequacy, efficiency and appropriateness of the corporate governance structure and practices and ensuring compliance with the King IV Report on Corporate Governance for South Africa, 2016 (King IV), the Listings Requirements of the JSE, the Companies Act, 71 of 2008, as amended (Companies Act) and the Companies Regulations, 2011 (Regulations), the Growthpoint Memorandum of Incorporation (MOI), Environmental, Social and Governance (ESG) criteria, and any other applicable laws and regulatory provisions.</p> <p>Guides the Nomination Committee in the appointment of Board members and ensures consideration is given to the knowledge, skill, experience, diversity and independence of appointees. The policy also refers to gender diversity targets, the issue of multiple directorships and tenure.</p>
<b>Nomination policy</b>	The policy guides the Nomination Committee in the appointment of Board members and ensures consideration is given to the knowledge, skill, experience, diversity and independence of appointees. The policy also refers to gender diversity targets, the issue of multiple directorships and tenure.
<b>Property and Investment Charter</b>	This committee will assist in the consideration of proposed acquisitions and disposals of investments, annual budgets including capital expenditure and refurbishments and reviewing annual investment valuations. Recommendations are provided to the Board.
<b>Risk Management Committee terms of reference</b>	Ensures ensuring that the Board is assisted in the discharge of its duties relating to corporate accountability and the associated risks in terms of management, assurance, and reporting.
<b>Social Ethics and Transformation Committee Charter</b>	The committee acts for the Company and its subsidiaries, other than subsidiaries or controlled entities that are not managed by the Company or any of its subsidiaries. Considerations, evaluations and monitoring are continuously done on broad-based economic empowerment, enterprise development, social and economic development, oversight of values and the ethical framework, good corporate citizenship, the environment, climate change, procurement, consumer relations, transformations charter, employment equity and the stakeholder-inclusive approach.

## Policy and governance documents *continued*

HR	
<b>Cell phone policy</b>	Determines eligibility and outlines the reimbursement process as well as income tax legislation and SA Revenue Services (SARS) practice.
<b>Conditions of employment</b>	The information contained in this document is intended as a guide to understanding the principles that underline the "way of life" at Growthpoint Properties. It will include policies and procedures to guide employees conduct as well as indicate the legislative compliance from Growthpoint.
<b>Confidentiality of employee information</b>	The confidentiality of employee information will be maintained at all times: <ul style="list-style-type: none"> <li>• The employee's right to privacy will be upheld and always respected.</li> <li>• All employee information will be maintained in alignment with the Protection of Personal Information Act, 4 of 2013</li> <li>• Checks will be conducted only where there is a reasonable and justifiable business requirement.</li> </ul>
<b>Disability policy</b>	This policy serves as a guideline to promote equal opportunities and fair treatment for people with disabilities or those suffering from ill-health as prescribed by the Employment Equity Act (the Act). The objective is to assist the employer and employees to understand their rights, obligations, and the process to ensure fairness and consistency.
<b>Disciplinary policy</b>	This policy is intended to provide a guideline to employees in terms of what is deemed as unacceptable behaviour. This policy outlines a fair and equitable disciplinary code and procedure for all employees in compliance with current employment legislation. There is a documented level of offences used in alignment with this policy.
<b>Diversity and inclusion forum constitution</b>	The Diversity and Inclusion Forum has been established to represent employees in matters which relate to employment equity and skills development. The purpose of the forum is to: <ul style="list-style-type: none"> <li>• Facilitate the achievement of the Employment Equity and Growthpoint's transformation agenda</li> <li>• Create awareness and support the organisation's initiatives in relation to transformation.</li> <li>• Promote the empowerment and advancement of designated groups</li> <li>• Consult on matters related to skills development and employment equity in line with legislation.</li> </ul>
<b>Education bursary scheme</b>	The focused educational opportunities available to employees to enable them to obtain qualifications necessary for career advancement within Growthpoint.
<b>Employment Equity (EE)</b>	Growthpoint is committed to creating a diverse and transformed working environment, which will provide equal opportunity to all its employees, while giving special consideration to employees from designated groups. Growthpoint will take steps to: <ul style="list-style-type: none"> <li>• Promote equal opportunities in the workplace by eliminating unfair discrimination in all its employment policies and or practices</li> <li>• Implement affirmative action (AA) measures, to redress imbalances in employment experienced by designated groups, to ensure their equitable representation in the workplace.</li> </ul>
<b>Employee risk management</b>	People are our most important asset and in order to comply properly with acceptable standards of corporate governance and international best practice, we continuously review our practices and ensure that employees comply with the required standards. Where necessary from a business perspective, the following checks will be conducted from time to time: <ul style="list-style-type: none"> <li>• Verification of qualifications and experience</li> <li>• Credit checks</li> <li>• Criminal record checks</li> <li>• Potential conflict of interest</li> <li>• Other checks as may be required.</li> </ul>
<b>Financial assistance</b>	Set out the conditions under which Growthpoint may provide financial assistance to employees, which include undue personal hardships. 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 will provide for.
<b>Flexible working policy</b>	Provide employees with the flexibility to work at their most productive time and to give balance to all aspects of employees' lives. This policy will apply to employees who are eligible by the nature of their role, this means that their day-to-day job will not be affected negatively by the flexible working options detailed further in the policy.

HR	
<b>Grievance policy</b>	<p>Growthpoint is committed to promoting effective working relationships and an environment in which employees feel comfortable to raise work-related grievances, without prejudice or victimisation. A grievance can be raised in the following instances:</p> <ul style="list-style-type: none"> <li>• When an employee has a matter affecting them as individuals in the course of their employment where they have concerns, problems, or complaints</li> <li>• When an employee has matters affecting their personal dealings or relationships with colleagues (junior or senior) which affect their work.</li> </ul>
<b>Human Resources and Remuneration Charter</b>	Responsible for facilitating and determining the essential components of remuneration and the criteria for the review of performance of Executive Directors and senior management in discharging their functions and responsibilities.
<b>Insider information</b>	From time to time, employees may be privy to price-sensitive and unpublished information relating to the company and its clients. Trading on the basis of such information is prohibited.
<b>Job grading and payscale guideline and process</b>	Explanation of the Paterson Grading System which is used by Growthpoint to evaluate positions and classify them according to their relative significance.
<b>Leave policy</b>	Leave provisions for employees. The objective is to ensure that all staff are clearly informed of the procedures regarding eligibility for leave and the leave application process. Leave types specified are annual leave, sick leave, family responsibility leave, bereavement leave, maternity leave, adoption leave, paternity leave, study leave, religious leave, special leave, unpaid leave and disability leave.
<b>Medical aid</b>	The requirement for 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 as a dependant and proof of such membership is provided annually.
<b>Personal relationship policy</b>	This policy is intended to provide guidance in cases where personal relationships may exist or form between employees in the professional working environment. Boundaries between personal and business interactions are necessary to achieve a productive, comfortable and professional work environment. Growthpoint would like to encourage fair treatment and the avoidance of actual, potential or perceived favouritism, conflict of interest and opportunities for collusion in the event of personal relationships in the work environment. It is not the intention of Growthpoint to infringe on personal freedoms nor to intrude on the privacy of individuals.
<b>Privacy policy</b>	This policy provides direction and guidance to Growthpoint employees by providing minimum requirements for Growthpoint employees to identify, control, monitor, report and maintain information privacy across Growthpoint's business. This policy prescribes the scope, minimum privacy standards and roles and responsibilities which must be implemented and adhered to in order for Growthpoint to meet its legislative obligations to process personal information in a manner that is lawful and fair and mitigate its other information privacy risks.
<b>Recruitment policy</b>	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).
<b>Remuneration benefits</b>	We reward employees for the value they add through payment of an industry-competitive remuneration package, a variable performance reward and employee ownership in the form of share incentive scheme participation. Any additional benefits are granted in line with the Income Tax Act of 1962. These benefits include rewards for exceptional performance gifts, ongoing service awards, professional memberships and clothing allowances.
<b>Representing the company</b>	All employees are required to represent the company to external persons and/or clients, you are expected to ensure that all information shared is not confidential and is factually correct.

## Policy and governance documents *continued*

HR	
<b>Retirement policy</b>	This policy provides guidance on the Group's retirement (provident and pension) fund, early retirement benefits, the low-risk portfolio option, the staff incentive scheme, retirement counselling and financial planning in the event of retirement.
<b>Serious illness insurance policy</b>	Growthpoint provides cover to employees with serious illnesses such as cancer, kidney failure and heart attacks. The policy lays out the terms and conditions of this benefit.
<b>Sexual harassment policy</b>	Highlight whether the conduct reported is sexual harassment using the definition set out in the Code of Good Practice on the handling of sexual harassment cases. Notice 1367 of 1998 in terms of section 203(2) of the Labour Relations Act, No 66 of 1995. It further highlights the investigation process (in a confidential manner) and how a formal grievance can be laid.
<b>Share dealings policy</b>	Governs share dealings by Directors and Executive members and the imposition of closed periods. Prior clearance to deal is required from the Board Chairman and/or Group CEO. Deal disclosure is dealt with in terms of the Listings Requirements of the JSE Limited.
<b>Social media policy</b>	This policy governs the use of social media by Growthpoint Properties Limited and all its subsidiaries or affected company employees, associates and contractors, in both a personal and professional capacity.
<b>Substance abuse policy</b>	Stipulates behaviour that constitutes a breach of company policy and a breach of an employee's duty to act in good faith towards Growthpoint.
<b>Travel policies</b>	<p>International travel policy This policy sets out the travel and accommodation arrangements for Growthpoint employees or other authorised persons while away on international business travel.</p> <p>Local travel policy This policy sets out the travel and accommodation arrangements for Growthpoint employees or other authorised persons while away on local business travel.</p>

IT	
<b>Information technology</b>	Employees are required to comply with the company's practice on issues relating to the legitimate use of computers, software, electronic information and networks. In the interests of supporting the availability, integrity and confidentiality of information systems and associated data, the company has established controls to protect its computing resources.
<b>IT governance policy</b>	Our IT governance for stakeholders and its principles, practices, processes and governance structures. The purpose of this policy is to embed IT governance as a subset of corporate governance within Growthpoint, to outline the scope, required effort and responsibility with regards to developing, implementing and maintaining Growthpoint IT governance and to identify the commitment to the development and maintenance of Growthpoint IT governance.
<b>IT demand management policy</b>	Outline areas of responsibility for the management of IT demand. It supports King IV requirements to oversee the adequacy and effectiveness of technology and information management with specific reference to assessing return on investment. It further ensures IT investment selection is aligned with business priorities and that all IT programmes and projects undertaken will deliver value to the business.
<b>Information management policy</b>	<p>The purpose of this policy is to provide a foundation for, and allocate responsibility for, information management within Growthpoint. Additionally, this policy aims to:</p> <ul style="list-style-type: none"> <li>• Outline the benefits of effective and efficient information management</li> <li>• Provide principles to assist with managing information</li> <li>• Provide guidance and policy for information management within Growthpoint</li> <li>• Define roles and responsibilities with regards to information management.</li> </ul>

IT	
<b>POPI policy</b>	This policy is in line with the Protection of Personal Information Act which aims to: <ul style="list-style-type: none"> <li>• Promote and protect the right of privacy for all persons and companies</li> <li>• Identify, control, monitor, report and maintain information privacy.</li> </ul>
<b>Information security policy</b>	The purpose of this policy is to outline Growthpoint Properties' principles regarding information security management and ensure all parties are aware of their responsibilities with regards to information security management within Growthpoint. This policy applies to all employees, functions and departments within Growthpoint, including third parties acting on behalf of Growthpoint. The policy serves to govern information security as part of responsible internal asset use and good governance within Growthpoint.
<b>Acceptable usage policy</b>	To ensure that only authorised users gain access to Growthpoint's information, application and computer installation IT further restricts access to information or systems within Growthpoint's computer environment to authorised users as well as to prevent unauthorised use or viewing of Growthpoint's information.
<b>Computer usage</b>	Sets out employees' obligations to safeguard Growthpoint's competitive advantage, business continuity, and to ensure the ongoing confidentiality, integrity and availability of all Growthpoint's computer resources.
<b>Information security incident response policy</b>	This policy ensures that information security incidents are appropriately and consistently responded to. When information security incidents (including cyber security incidents) are imminent or do occur, it is imperative to ensure they are dealt with in an effective and efficient manner, to limit and reduce their impact, whether financial, reputational, regulatory, legal or otherwise.
<b>Cyber security policy</b>	This policy ensures that Growthpoint IoT network is secured on various levels.
<b>Business continuity management policy</b>	The purpose of this policy is to formalise the Business Continuity Management (BCM) programme for Growthpoint Properties (GPP) and to provide guidelines for developing, maintaining and exercising the business continuity plans (BCPs) for all divisions/departments at head office, and the regional management offices. It further ensures the establishment of basic principles and framework necessary to ensure emergency response, resumption and recovery, restoration and permanent recovery of the operations and business activities during a business interruption event.

# Supplementary information

This section contains assurance statements and key performance data critical to our ESG journey.



## Independent Verification Statement

### To the Directors and Management of Growthpoint Properties Limited

Growthpoint Properties Ltd. ("Growthpoint") engaged Verify CO<sub>2</sub> to conduct an independent third-party verification of the Group's greenhouse gas (GHG) emissions inventory for its South African property portfolio for the period 1 July 2020 to 30 June 2021 (FY21), as calculated and presented on the Emissions Disclosure page of the GCX Analytics online dashboard.

Growthpoint is the largest South African primary JSE-listed REIT. The company has a significant and diversified property portfolio both in South Africa and offshore. Growthpoint exercises operational control over its South African assets (excluding the V&A Waterfront in Cape Town). All offshore assets are independently managed.

The GHG verification was carried out in accordance with the International Standard ISO14064-3 (2006) '*Specification with guidance for the validation and verification of greenhouse gas assertions.*'

Intended users of this information are all Growthpoint stakeholders, including internal and external interested parties and the CDP (formerly the Carbon Disclosure Project). This Verification Statement applies to the related information included within the scope of work described below.

### Verification scope

Consistent with historical GHG reporting, the organisational boundary was defined based on operational control with South Africa as the geographical boundary.

The operational boundary included all scope 1 and scope 2 GHG emissions sources, as well as the six measured scope 3 categories.

In conformance with **ISO14064-3 (2006)**, the verification process included an assessment of:

- The completeness of the reporting boundaries selected, taking into consideration any structural/other significant changes since the previous reporting period
- The robustness of the company's GHG data management systems, procedures and controls
- The appropriateness of the GHG quantification methodologies (including estimation methodologies) and emission factors applied
- The completeness and integrity of the historical activity data used
- The accuracy and consistency of the GHG emissions calculations
- GHG reporting to assess compliance with the requirements of the GHG Protocol Corporate Standard.

### Verification objectives and performance criteria

The objectives of the verification exercise were, by review of objective evidence, to:

1. Confirm that the historical data supporting Growthpoint's FY21 GHG assertion was accurate, complete, consistent, transparent and free from material error or omission, in accordance with the criteria below
2. Improve the credibility of Growthpoint's GHG emissions disclosure in the company's CDP2022 submission.

The criteria against which the verification was undertaken were the principles and requirements of the WRI/WBCSD GHG Protocol Corporate Accounting Standard, 2nd Edition, 2004 (GHG Protocol Corporate Standard). Where relevant, the South African National GHG Emission Reporting Regulations (NGERs), DEA April 2017, were also considered.

# Assurance statements *continued*

## Level of assurance and materiality

- The verification activities provided a **reasonable level** of assurance of the final GHG assertion. Considering the low level of complexity of Growthpoint's GHG emitting activities and constraints imposed by Covid-19 protocols, no site visits were carried out
- A materiality threshold of 5% per emission source was applied.

## Roles and responsibilities

Growthpoint was responsible for the preparation and presentation of the GHG data to Verify CO<sub>2</sub>.

Verify CO<sub>2</sub> was tasked to form an independent opinion on Growthpoint's FY21 GHG assertion regarding:

- Conformance with the principles and reporting requirements of the GHG Protocol Corporate Standard
- Completeness and accuracy of the activity data and GHG emissions quantification.

## Specific exclusions from the reporting boundary<sup>(1)</sup>

Only 377 out of 459 properties in Growthpoint's FY21 property portfolio were included in the reporting boundary. 5 additional sites were included<sup>(2)</sup>, and 87 sites were **specifically excluded** for the following reasons:

- 22 land and land-under-development sites
- 35 properties that were third-party managed (includes 23 properties with a triple net lease and 5 Hospitals)
- 5 vacant properties and 2 Trade and Development sites
- 1 Heliport and 22 Telecoms towers (not relevant).

The remaining **9 properties** were omitted due to data availability (it was assumed they were billed directly by council). These 9 sites accounted for 1.5% of Growthpoint GLA (as at 30 June 2021) and this omission was therefore deemed **not relevant**.

## GHG assertion

After implementation of the necessary corrective action, Growthpoint's FY21 GHG emissions assertion, consolidated using the operational control approach, was therefore disclosed as:

FY21: GHG Emissions	Tonnes CO <sub>2</sub> e
Scope 1	2 112
Scope 2 (location-based) <sup>(3)</sup>	76 546
<b>Total Scopes 1 and 2 (location-based)</b>	<b>78 658</b>
Cat. 1 – Purchased municipal water and paper <sup>(4)</sup>	2 776
Cat. 5 – Waste	7 144
Cat. 13 – Downstream leased assets <sup>(5)</sup>	581 608
Other categories <sup>(6)</sup>	750
<b>Total Scopes 1, 2 and 3 (location-based)</b>	<b>670 937</b>
Outside of Scopes (Product Use emissions: HCFC-22) <sup>(7)</sup>	1 611

<sup>(1)</sup> Growthpoint has no operational control over the V&A Waterfront JV, GWI or any of its offshore subsidiaries.

<sup>(2)</sup> 4 disposals in late FY21 and 1 managed-only property.

<sup>(3)</sup> FY21 and historical scope 2 emissions were calculated using the location-based method only, as Growthpoint's reporting boundary only included its South African operations where contractual instruments were not used.

<sup>(4)</sup> Municipal water consumption (2 987 151kl equivalent to 2 763tCO<sub>2</sub>e) and office paper (13tCO<sub>2</sub>e).

<sup>(5)</sup> Tenant electricity consumption: 551 150MWh (548 687MWh purchased and 2 463MWh on-site renewable generation). Unrecovered/unbilled/unallocated tenant consumption was previously reported in Scope 3 but from FY21 it was moved to Scope 2 together with Growthpoint's own consumption, which includes vacant space consumption.

<sup>(6)</sup> Includes Cat4. Courier transport (5tCO<sub>2</sub>e); Cat.6 Business Travel (118 tCO<sub>2</sub>e); Cat7. Employee Commute (627tCO<sub>2</sub>e which includes 112tCO<sub>2</sub>e calculated for staff working from home in lieu of the office).

<sup>(7)</sup> Fugitive GHG emissions from refrigerant gases not listed under the Kyoto Protocol were included as over time HCFC-22 may be replaced by gases that are covered by the Kyoto Protocol (i.e. scope 1).



100% of Growthpoint's reported scope 1 and scope 2 GHG emissions were verified.

99.8% of measured and reported scope 3 GHG emissions were verified.

Additional data points verified:	Growthpoint	Tenants
Purchased/acquired electricity (Non-renewable)	72 213MWh	548 687MWh
On-site generation (Renewable – solar PV) <sup>(8)</sup>	6 579MWh	2 463MWh
Electricity consumed	78 792 MWh	551 150MWh
<b>Total electricity consumption</b>	<b>629 942MWh</b>	
<b>Total municipal water consumption</b>	<b>29 871 151kl</b>	
	<b>Landfilled</b>	<b>Recycled</b>
<b>Waste generated in operations<sup>(9)</sup></b>	<b>5 446 487t</b>	<b>3 529 209t</b>

<sup>(8)</sup> Excludes 100% of the on-site solar generation for three properties that fell outside the reporting boundary (2057 MWh).

<sup>(9)</sup> Under-reported as data only available for 33% of Growthpoint's property portfolio.

### Inherent limitations

There is an inherent limitation in providing verification of GHG data, as non-financial data is subject to greater inaccuracy than financial data, given both the nature and methods used to determine, calculate, sample and estimate such data.

The assurance engagement did not include an examination of the derivation of GWPs, default emission factors, conversion factors, or other derived third-party information.

Verify CO<sub>2</sub> did not conduct any work outside of the agreed scope, and our opinion was therefore restricted to the agreed subject matter.

### Conclusion and final verifier opinion

All material errors, omissions and non-conformities identified during the verification process were duly corrected.

On the basis of the reasonable assurance procedures followed according to ISO 14064-3, using the requirements of the GHG *Protocol Corporate Standard as criteria*, Growthpoint's FY21 GHG assertion:

1. Is prepared in accordance with the principles and requirements of the GHG *Protocol Corporate Standard*; and
2. Is materially correct and is a fair representation of Growthpoint's GHG emissions data and information for the FY21 reporting period, with the following qualifications:
  - **Scope 1:** Data from the RIMS/Worktrainer platform was used as the primary data source. The accuracy of the verified GHG emissions above is contingent upon the completeness and accuracy of this data.
  - **Scope 3 Waste:** GHG emissions were materially under-reported as no data was available for 66% of the Growthpoint property portfolio.
  - **GHG Reporting:** Only the GHG emissions calculations (and underlying activity data) reported on the GCX Analytics dashboard Emissions Disclosure page were verified.



Signed: Kerry Evans

Lead GHG Verifier

Verify CO<sub>2</sub>

16 September 2021

# Assurance statements *continued*

## Independent Assurance Statement to the management and stakeholders of Growthpoint Properties Limited

### Introduction

IBIS Environmental Social Governance Consulting Africa (Pty) Ltd (IBIS) was commissioned by Growthpoint Properties Limited (Growthpoint) to conduct an independent third-party assurance engagement in relation to the sustainability information in its Environmental, Social, and Governance (ESG) Report (the ESG report) for the financial year ended 30 June 2021.

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Adam Sutton-Pryce, Sharon Kekana and Hsien Lou from IBIS. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 25 years' experience in sustainability performance measurement involving both advisory and assurance work. This assurance engagement is the first sustainability assurance engagement conducted for Growthpoint by IBIS.

### Assurance standard applied

This assurance engagement was performed in accordance with AccountAbility's AA1000AS v3 (2020) (AA1000AS) and was conducted to meet the AA1000AS Type II Moderate level requirements.

### Respective responsibilities and IBIS' independence



#### GROWTHPOINT

Growthpoint is responsible for preparing their ESG report and for the collection and presentation of sustainability information within the report.

Growthpoint is also responsible for maintaining adequate records and internal controls that support the reporting processes.



#### IBIS

IBIS' responsibility is to the management of Growthpoint alone and in accordance with the scope of work and terms of reference agreed with Growthpoint.

IBIS applies a strict independence policy and confirms its impartiality to Growthpoint in delivering the assurance engagement.

### Assurance scope

The scope of the subject matter for moderate assurance in accordance with the AA1000AS assurance standard, as detailed in the agreement with Growthpoint is set out below:



#### SUBJECT MATTERS IN THE ASSURANCE SCOPE

Adherence to the AA1000AP (2018) AccountAbility principles of inclusivity, materiality, responsiveness and impact.

Growthpoint's compliance with the principles contained within the King Report on Governance for South Africa 2016 and the King Code of Governance Principles (collectively, King IV)

The following selected disclosures relating to material ESG risks and opportunities for South African entities:

#### Environmental

- Financial impacts of environmental events (page 27)
- Green building certifications maintained (page 77).

#### Social

- Number of full-time employees (page 33)
- Number of contractors (page 33)
- Employee demographics table (average age) (page 33)
- Annualised attrition rate (%) (page 33)
- Number of industrial relations cases raised (page 33)
- Direct investment in employee training (Rm) (page 33).

#### Social (continued)

- Total cost of employee training (Rm) (page 33)
- Number of employees trained (page 33)
- Hours of training per employee (page 33)
- Total number of sick days (page 33)
- Total occupational recordable injuries (page 33)
- Serious occupational recordable injuries (page 33)
- Days lost to serious incidents (page 33)
- Fatalities (full time employees, HR hired contractors, third party contractors (page 33)
- CSI spend (page 39).

The following assessment criteria were used in undertaking the work:

AA1000AP (ACCOUNTABILITY PRINCIPLES)	KING IV PRINCIPLES	GROWTHPOINT'S INTERNAL REPORTING PROCEDURES
AA1000AP (2018) AccountAbility principles of inclusivity, materiality, responsiveness and impact	King Report on Governance for South Africa and the King Code of Governance Principles	The completeness, accuracy and validity of reported data

### Assurance procedures performed

Our assurance methodology included:

TESTING	INTERVIEWS	INSPECTION	ASSESSING	REPORTING
<b>Testing</b> , on a sample basis, the measurement, collection, aggregation, and reporting processes in place	<b>Telephonic interviews</b> with relevant data owners to understand and test the processes in place for maintaining information in relation to the subject matters in the assurance scope	<b>Inspection and corroboration</b> of supporting evidence received electronically to evaluate the data generation and reporting processes against the assurance criteria	<b>Assessing</b> the presentation of information relevant to the scope of work in the ESG report for consistency with the assurance observations	<b>Reporting</b> the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process

### Engagement limitations

IBIS planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a moderate level of assurance in accordance with AA1000AS.

The procedures performed in a moderate assurance engagement vary in nature from, and are less in extent, than for a high assurance engagement. As a result, the level of assurance obtained for a moderate assurance engagement is lower than for high assurance as per AA1000AS.

Due to the global Covid-19 pandemic-related restrictions, all assurance work conducted was done remotely via desktop. Evidence to support information reported was obtained electronically for review and assessment to base our conclusion on. Readers of the ESG report are cautioned to understand this inherent limitation.

### Assurance conclusion

In our opinion, based on the work undertaken for moderate assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined criteria and are free from material misstatements.

# Assurance statements *continued*

## Key observations and recommendations for improvement

Based on the work set out above, and without affecting the assurance conclusion, the key observations and recommendations for improvement are set out below.

### In relation to AA1000AP (2018)

**Inclusivity:** Growthpoint has a Local Development and Transformation Policy which highlights the stakeholder engagement process and was approved by the Board and the Social, Ethics and Transformation (SET) Committee. The Board takes into account key stakeholders and their concerns to develop and determine Growthpoint's purpose and values which include to satisfy its stakeholders. The SET Committee ensures that platforms, systems, and processes are in place to familiarise the Board, employees, and other stakeholders with Growthpoint's ethical standards and business activities. The means of engagement have been identified, which points to inclusive stakeholder engagement and the acknowledgement of stakeholders' interests in Growthpoint.

**Materiality:** Evidence observed confirmed that Growthpoint has maintained due process in mapping and disclosing its material matters in a transparent and balanced manner. Growthpoint's ESG strategy assisted in the annual determination process of materiality and material themes, which was performed for the financial year 2021. Growthpoint's materiality determination process and material themes were approved by the Board and the SET Committee. The ESG report presents material themes with a prioritised view of Growthpoint's material matters and explains why the identified issues are material. The ESG report also sets out stakeholder's key concerns and what Growthpoint's responses related to them are as well as what the key outcomes were.

**Responsiveness:** Growthpoint's responses to stakeholder issues observed across different stakeholder groups indicates a level of accountability to stakeholder issues raised. Growthpoint actively implemented its stakeholder engagement framework by way of developing a formal review process to monitor the implementation of stakeholder management response strategies, whereby the SET Committee is responsible for overseeing stakeholder interests and expectations. Continued implementation of the stakeholder engagement framework is recommended, with balanced levels of response to all stakeholder groups.

**Impact:** Growthpoint reports on a range of material environmental, social and governance topics based on its ongoing monitoring, measurement, and evaluation of its impacts; both qualitatively and quantitatively. Growthpoint's shared value strategy aims to enhance the quality of outcomes from its interventions that will add value and offer quantifiable commercial, social, and economic returns. The UN SDGs which Growthpoint can materially impact have been adopted and reported on since the financial year 2020. In the financial year 2021, Growthpoint carried out a formal exercise to identify and prioritise the SDGs that align with Growthpoint's strategy, and to measure Growthpoint's impact related to the relevant topics. It is recommended that Growthpoint continue to report on the progress against the selected SDGs as well as monitor and measure the social changes that result from Growthpoint's activities and the long-term impacts on its stakeholders and on Growthpoint's business itself.

### In relation to the selected disclosures

It was observed that appropriate measures are in place to provide reliable source-data related to the selected disclosures assessed yet the efficiency of these processes could be improved by additional reviews, consistent and accurate interpretation of definitions and guidance on the implementation of internal controls. Data inconsistencies were identified during the assurance process and were subsequently corrected. IBIS is satisfied with the accuracy of the final data in the assurance scope.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to Growthpoint management for consideration.



**Petrus Gildenhuys**

Director, IBIS Environmental Social Governance Consulting Africa (Pty) Ltd



Johannesburg  
29 September 2021

## Environmental data Climate change

Climate-related risk	Mitigation	Theme	Financial impact	Time horizon*	Financial rating impact		Opportunities
					Hot House World	Disorderly Transition	
Energy supply and storage; increased consumption and increased tariffs	<ul style="list-style-type: none"> <li>Solar energy investment</li> <li>Utility optimisation</li> <li>Green Star certification.</li> </ul>	Energy security – physical risk	Increased costs	Medium term	JHB – significant CT – significant DBN – significant	JHB – significant CT – significant DBN – significant	<ul style="list-style-type: none"> <li>Increase renewable energy investment for energy continuity</li> <li>Cost reduction through 20:20:20:2 strategy.</li> </ul>
Carbon tax	<ul style="list-style-type: none"> <li>Carbon neutral strategy.</li> </ul>	Energy security – transitional risk	Decrease of revenue	Short term	JHB – significant CT – significant DBN – significant	JHB – significant CT – significant DBN – significant	<ul style="list-style-type: none"> <li>Engaging with National Treasury to influence taxonomy</li> <li>Green Addendum to reduce emissions and the possible liability for all, part of carbon neutral strategy</li> <li>Design flexibility and Green Star ratings.</li> </ul>
Increased water stress necessitating water storage infrastructure; increased water tariffs, drought conditions leading to decreased productivity and ability to generate revenue	<ul style="list-style-type: none"> <li>Borehole water access</li> <li>Utility optimisation</li> <li>Water storage tanks</li> <li>Smart meter installation and management</li> <li>Investigating water harvesting.</li> </ul>	Water security – physical risk	Increased costs, decreased productivity of the wider economy, staff, tenants, and service providers	Long term	JHB – significant CT – significant DBN – significant	JHB – significant CT – significant DBN – moderate	<ul style="list-style-type: none"> <li>Utility optimisation through smart meters and the internet of things</li> <li>Investment in water storage will ensure continuity of supply and support tenant needs</li> <li>Investment in water harvesting systems</li> <li>Influence behavioural change.</li> </ul>
Increased pressure to decarbonise	<ul style="list-style-type: none"> <li>Carbon neutral strategy.</li> </ul>	Infrastructure – transitional risk	Increased costs	Short term	JHB – significant CT – significant DBN – significant	JHB – significant CT – significant DBN – significant	<ul style="list-style-type: none"> <li>Reduce reliance on municipal energy supply and implement 20:20:20:2 strategy.</li> </ul>
Structural damage to infrastructure and property as a result of extreme weather events and sea-level rise	Property insurance and tracking of environmental events, and the financial impact as a result of changing weather conditions	Infrastructure – physical risk	Increased costs	Medium term	JHB – significant CT – significant DBN – severe	JHB – significant CT – significant DBN – severe	<ul style="list-style-type: none"> <li>Ensuring materials used provide greater resistance to extreme weather events</li> <li>Reducing the cost of repairs.</li> </ul>
Increased building vacancy as a result of more frequently working from home and as a way of decreasing operational costs and emissions	Continually assesses facilities	Building vacancy – transitional risk	Decreased revenue as a result of lower tenancy	Short term	JHB – severe CT – severe DBN – severe	JHB – severe CT – severe DBN – severe	<ul style="list-style-type: none"> <li>Ensuring safe (health), appealing space with continued energy supply.</li> </ul>

\* Short term = less than 10 years. Medium term = 10 – 20 years. Long term = greater than 20 years.

## Performance data *continued*

Below is a list of the buildings that have a green building certificate with an indication of the certificate attained by each asset. A total GLA of 809 160m<sup>2</sup> has been certified. This accounts for 14.2% of our portfolio.

### Types of certification and GLA certified

Office	57	Healthcare	1	Industrial	2
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Building name	GLA m <sup>2</sup> (FY21)	Design GLA** certified m <sup>2</sup>	As built GLA** certified m <sup>2</sup>	Customised ratings GLA** certified m <sup>2</sup>	EBP pilot GLA** m <sup>2</sup>	EBP GLA** certified m <sup>2</sup>	EWP certified points received	Net zero GLA** certified m <sup>2</sup>	Region
1 Frosterley (BCX Durban)	2 554					4 Star	8		KwaZulu-Natal
1 Montgomery	10 376					2 937	7		Gauteng
11 Adderley	22 513						7		Western Cape
138 West Street	10 612					4 Star 10 709			Gauteng
144 Oxford	37 477	5 Star 42 345							Gauteng
15 Alice Lane – The Annex – TPG 50%	10 126	4 Star 22 459	4 Star 20 545						Gauteng
19 Impala Road	2 725					4 Star 2 781			Gauteng
200 on Main	4 599					4 Star 4 615			Western Cape
23 Impala Road	1 827					3 Star 1 825			Gauteng
25 Rudd Road	3 158					4 Star 3 157	6		Gauteng
257 Oxford Road	3 132					3 Star 3 142			Gauteng
28 Fricker Road	6 141					4 Star 6 406			Gauteng
29 Richefond Circle (Marius Els)	3 383	4 Star 3 770	4 Star 3 770						KwaZulu-Natal
3 The Boulevard (3 The Terrace)	3 051					4 Star 3 051	8		KwaZulu-Natal
33 Bree & 30 Waterkant	12 874					4 Star 12 929			Western Cape
44 on Grand Central	7 450	4 Star 8 074							Gauteng
50 Wierda Road	2 362					4 Star 2 362			Gauteng
Anslow Park Phase 2	10 713	4 Star 11 159				4 Star 7 657			Gauteng
Belmont Office Park	15 169						6		Western Cape
Belvedere Office Park	5 996					4 Star 5 996			Western Cape
Bridge Park 50%	9 050	5 Star 19 274							Western Cape
Centennial Place	12 351					4 Star 12 014			Western Cape
Chislehurst	2 131					3 Star 2 169			Gauteng
Cintocare (Pretoria Head & Neck Hospital)	22 121			5 Star 22 121					Gauteng
Country Club Estate	33 142						6		Gauteng
De Waterkant Centre	6 736					4 Star 6 655			Western Cape
Discovery 1 & 2 – 55%	64 127	5 Star 147 217	6 Star 147 217						Gauteng
Draper on Main	5 619	4 Star 5 846							Western Cape
Eastgate 20	5 734	4 Star 5 653	4 Star 15 943						Gauteng
Edgecombe Office Park	4 611					4 Star 7 084	7		KwaZulu-Natal
Equity House	1 620					4 Star 1 643			Gauteng

Building name	GLA m <sup>2*</sup> (FY21)	Design GLA** certified m <sup>2</sup>	As built GLA** certified m <sup>2</sup>	Customised ratings GLA** certified m <sup>2</sup>	EBP pilot GLA** m <sup>2</sup>	EBP GLA** certified m <sup>2</sup>	EWP certified points received	Net zero GLA** certified m <sup>2</sup>	Region
Fredman Towers	14 695					4 Star 14 862			Gauteng
Golf Park	31 284					4 Star 30 837			Western Cape
Greenfield Industrial Park	21 815		4 Star 21 000						Western Cape
Hatfield Gardens	25 927					4 Star 25 927	5		Gauteng
Honeywell	3 817					4 Star 3 816			Gauteng
Kirstenhof Office Park	3 879				5 Star 3 837	4 Star 3 837			Gauteng
Lakeside 2	21 708	5 Star 24 316	6 Star 24 316						Gauteng
Lakeside 3	6 428	4 Star 6 832					8		Gauteng
Lincoln on the Lake	6 428		4 Star 6 479		4 Star 6 610	4 Star 6 395			KwaZulu-Natal
Mayfair On The Lake	6 170	4 Star 6 415	4 Star 6 370			4 Star 6 170	8		KwaZulu-Natal
Meadowbrook Estate/ Serra Services	17 103	5 Star 17 103				5 Star 7 419			Gauteng
Menlyn Corner	10 222					4 Star 10 187			Gauteng
Nautica	5 830					4 Star 5 791			Western Cape
Newlands on Main: Letterstedt House	13 332					4 Star 7 411			Western Cape
Newlands on Main: Mariendahl House	13 332					4 Star 5 751			Western Cape
Paramount Place	12 637						7		Western Cape
Ridgeview Umhlanga	6 659	5 Star 6 581	4 Star 8 147			3 Star 6 658			KwaZulu-Natal
River Park	13 384						7		Western Cape
Sandown Erf 169	2 069					4 Star 2 070			Gauteng
Sandown Mews	20 936					4 Star 21 165			Gauteng
Sunnyside Office Park	29 971						6		Gauteng
The Boulevard, Umhlanga Ridge	10 324	4 Star 6 199	4 Star 6 199						KwaZulu-Natal
The District	18 700						8	Water 18 720	Western Cape
The Estuaries	11 883					4 Star 11 811	8		Western Cape
The Oval – Bryanston	10 417					4 Star 10 876			Gauteng
The Oval Newlands	8 595					4 Star 8 593			Western Cape
Waterfall Park: Phase 1	8 103					4 Star 8 103			Gauteng
Wierda Gables	2 159					4 star 5 184			Gauteng
Woodlands Office Park Buildings	113 703					4 Star 26 716			Gauteng
<b>Total GLA m<sup>2</sup></b>	<b>809 160</b>	333 242	259 986	22 121	10 477	326 711	n/a	18 720	
<b>Number of Certifications</b>	<b>84</b>	15	10	1	2	39	16	1	
<b>Total Buildings</b>	<b>60</b>								

\* Gross lettable area as at 30 June 2021.

\*\* Gross lettable area as at time of certification.

# Performance data *continued*

## Environmental data

	FY21
Total GLA (m <sup>2</sup> )	5 705 565
GLA under review (m <sup>2</sup> )	4 885 775
Total number of buildings	375
Number of buildings reviewed	369
<b>Total GHG emissions</b>	<b>672 548</b>
Full-time employees (FTE)	643
Intensity GLA (tCO <sub>2</sub> e/m <sup>2</sup> )	0.14
Intensity revenue (tCO <sub>2</sub> e/Rm)	0.01
Intensity per FTE	1 045.95

Energy	Retail FY21	Office FY21	Industrial FY21	Healthcare FY21
Total GLA (m <sup>2</sup> )	1 356 981	1 708 285	2 262 728	89 637
GLA assessed (m <sup>2</sup> )	1 301 490	1 582 220	2 077 783	4 455
Total number of buildings	46	166	208	6
Number of buildings assessed	40	148	190	2
Total energy (MWh)	310 170	164 686	158 820	393
Energy from fuels:				
Diesel (generators)	3 145	2 430	383	14
Purchased electricity for Growthpoint (MWh)	30 639	34 896	6 649	1.04
Purchased electricity for tenant-occupied space (MWh)	269 041	126 154	151 297	378
<b>Total grid energy (MWh)</b>	<b>299 681</b>	<b>161 051</b>	<b>157 946</b>	<b>379</b>
Emissions emitted	317 661	170 714	167 422	401
Solar (MWh)*	7 374	1 386	492	–
Emissions saved (tCO <sub>2</sub> e)	(7 816)	(1 469)	(521)	–
Intensity per m <sup>2</sup>	0.24	0.10	0.08	0.09
Intensity per revenue	98.53	50.76	109.27	1.31
Intensity per FTE	490	257	264	0.61

\* Includes 100% of solar produced at Anslow Park.

\* Includes 50% of solar produced at Kolonnade and Northgate.

\* Includes 75% of solar produced at Brooklyn Mall.

\* Includes 66.7% of solar produced at Vaal Mall.

\* This includes solar produced outside GHG scope and boundary.

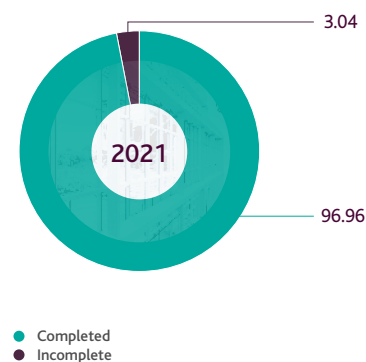
Water	Retail FY21	Office FY21	Industrial FY21	Healthcare FY21
Total GLA (m <sup>2</sup> )	1 356 981	1 708 285	2 262 728	89 637
GLA assessed (m <sup>2</sup> )	1 261 355	1 501 412	2 087 704	4 455
Total number of buildings	46	166	208	6
Number of buildings assessed	38	139	190	2
Purchased water for Growthpoint (kl)	359 518	444 246	142 504	1 227
Purchased water for tenant-occupied space (kl)	650 126	389 169	991 952	–
Water discharge (kl)	433 521	390 262	554 957	–
<b>Total water supply (kl)</b>	<b>1 009 644</b>	<b>883 415</b>	<b>1 134 456</b>	<b>1 227</b>
Intensity per (m <sup>2</sup> )	0.80	0.56	0.54	0.28
Intensity per revenue	329.01	276.67	731.90	4.24
Intensity per FTE	1 570	1 296	1 764	1.91

Waste	Retail FY21	Office FY21	Industrial FY21	Healthcare FY21
Total GLA (m <sup>2</sup> )	1 356 981	1 708 285	2 262 728	89 637
GLA assessed (m <sup>2</sup> )	1 069 344	874 106	360 942	4 455
Total number of buildings	46	166	208	6
Number of buildings assessed	33	71	22	2
Recycled (kg)	3 084 549	315 936	158 789	–
Landfill (kg)	3 484 108	1 219 586	724 593	22 800
<b>Total waste generated (kg)</b>	<b>6 568 657</b>	<b>1 535 522</b>	<b>883 382</b>	<b>22 800</b>
Intensity per (m <sup>2</sup> )	6.14	1.76	2.45	5.12
Intensity per revenue	2 108.04	480.90	569.92	78.89
Intensity per FTE	10 215	2 388	1 373	35.46

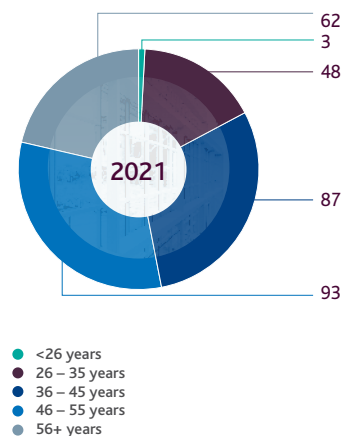


## HR data Diversity indicators

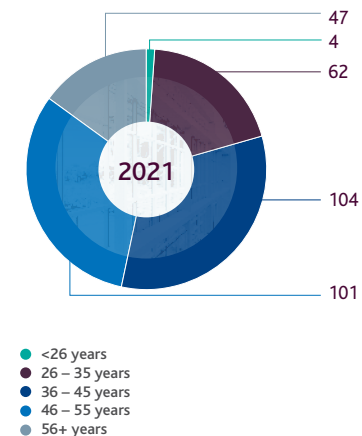
Manager review (%)



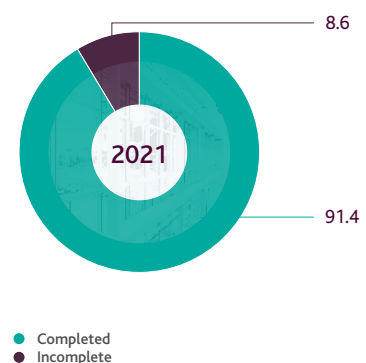
Employee age profile (male)



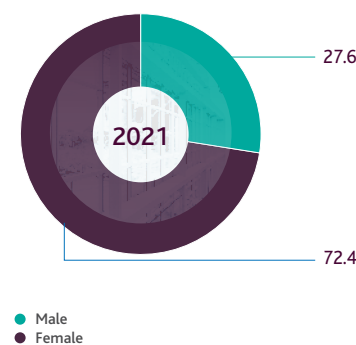
Employee age profile (female)



Self-review (%)



Wellness counselling (%)



## Industrial relations cases

Nature of case	FY21
Corporate bullying	–
Fraud	–
Poor performance	4
Racism	–
Sexual harassment	1
Theft	–
Other	16
<b>Total</b>	<b>21</b>

Actions taken	FY21
Verbal warning	–
Written warning	8
Final written warning	2
Dismissal	7
Other	4
<b>Total</b>	<b>21</b>

## Performance data *continued*

### New hires for period 1 July 2020 – 30 June 2021

	FY21	FY20
New hires for the period	74	67
Average hiring cost (R)	51 492	42 547

	FY21	
	Male	Female
Percentage of male and female	42%	58%
Race of new hires:		
• African	15	22
• Coloured	7	11
• White	5	8
• Indian	4	2
• Foreign nationals	–	–
<b>Total</b>	<b>31</b>	<b>43</b>
Positions filled by internal candidates	4	13

### Employee benefits coverage

Coverage	Yes
Life insurance	√
Healthcare	√
Disability and invalidity coverage	√
Paternal leave	√
Retirement provision	√
Stock ownership	√
Others – including employee assistance like legal advice, psychological sessions, health promotion, review session and debt advice	√

## Training

Course	Occupation level (%)											
	Total number of employees trained		Top management		Senior management		Middle management		Junior management		Other	
	Male (M)	Female (F)	M %	F %	M %	F %	M %	F %	M %	F %	M %	F %
The Captivating Speaker	4	7									36	64
Working at Heights	16	–					38		18		44	
Green Building	–	1								100		
Power Speaking	4	7									36	64
PowerPoint	4	7									36	64
Word	1	9								10	10	80
Excel	8	44					2	29	10	5	4	50
Facilitation	–	4									100	
D&I training	7	6	15		15		15	39	8	8		
Business Etiquette	2	11									15	85
Connect to Collect	3	18								5	14	81
Communication training	2	11							7.5		7.5	85
Working Smart	2	11									15	85
Project Management	4	7									36	64
External Systems training	1	12								8		92
Internal Systems training	98	122			1		18	23	21	13	4	20
Study assistance	4	8					8	17	17	42	8	8
Real Estate learnership	1	4							20	20		60
Facilities management qualification	14	1					26		60	7		7
ABET	4	–									100	
Introduction to compliance	–	1							100			
Coaching	1	2		33.3	33.3	33.3						
Onboarding	25	33					1		16	21	26	36
Team training	2	6						12.5	25	62.5		

## Full-time employees only

Occupational level	Male						Female						
	African	Coloured	Indian	White	Foreign national	Total Males	African	Coloured	Indian	White	Foreign national	Total Females	Total
Top management	2	1	–	12	1	16	1	–	–	2	1	4	20
Senior management	2	1	–	18	1	22	–	–	2	7	–	9	31
Professionals, specialists and middle management	6	5	9	34	1	55	14	18	10	37	–	79	134
Skilled workers, supervisors and junior management	36	13	6	32	1	88	22	13	5	39	–	79	167
Other	83	18	3	4	4	112	65	42	14	27	–	147	259
<b>Total = 611</b>	<b>129</b>	<b>38</b>	<b>18</b>	<b>100</b>	<b>8</b>	<b>293</b>	<b>102</b>	<b>73</b>	<b>31</b>	<b>112</b>	<b>1</b>	<b>318</b>	<b>611</b>

# Growthpoint's impact on the UN Sustainable Development Goals (SDGs) and National Development Plan (NDP)

UN SDGs	Alignment with NDP	Growthpoint aligned activities
 <p><b>1 NO POVERTY</b></p>	<p><b>2 NDP objectives from Chapter 11:</b> Social Protection</p>	<p>2021 IAR, ESG strategy, CSR, Risk management 2021 ESG, ESG strategy, CSR</p>
 <p><b>2 ZERO HUNGER</b></p>	<p><b>1 NDP objective from Chapter 5:</b> Environmental Sustainability and Resilience <b>2 NDP objectives from Chapter 6:</b> Inclusive Rural Economy <b>1 NDP objective from Chapter 11:</b> Social Protection</p>	<p>2021 IAR, Operations, Retail 2021 ESG, Environmental, CSR</p>
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p><b>6 NDP objectives from Chapter 10:</b> Healthcare for All</p>	<p>2021 IAR, Our people, Funds management 2021 ESG, Our people, Stakeholder engagement and operations, Healthcare Fund</p>
 <p><b>4 QUALITY EDUCATION</b></p>	<p><b>13 NDP objectives from Chapter 9:</b> Improving Education, Training and Innovation</p>	<p>2021 IAR, Our people, CSR 2021 ESG, Our people, CSR Growthpoint CSI <a href="https://growthpoint.co.za/corporate-social-investment/corporate-social-responsibility">https://growthpoint.co.za/corporate-social-investment/corporate-social-responsibility</a> Property Point <a href="http://www.propertypoint.org.za/">http://www.propertypoint.org.za/</a></p>
 <p><b>5 GENDER EQUALITY</b></p>	<p><b>2 NDP objectives from Chapter 11:</b> Social Protection <b>1 NDP objective from Chapter 12:</b> Building Safer Communities</p>	<p>2021 IAR, CEO: RSA review, ESG strategy, Our people, Retail, CSR, Risk management 2021 ESG, CEO: RSA overview, ESG strategy, CSR, Stakeholder engagement and operations</p>
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	<p><b>2 NDP objectives from Chapter 4:</b> Economic Infrastructure <b>1 NDP objective from Chapter 5:</b> Environmental Sustainability and Resilience</p>	<p>2021 IAR, ESG strategy, Operations, Retail, V&amp;A, Risk management 2021 ESG, CEO: RSA overview, ESG strategy, CSR, Stakeholder engagement and operations</p>
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p><b>2 NDP objectives from Chapter 4:</b> Economic Infrastructure <b>1 NDP objective from Chapter 5:</b> Environmental Sustainability and Resilience</p>	<p>2021 IAR, CEO: RSA review, ESG strategy, Operations, Retail, Office, Industrial, V&amp;A 2021 ESG, CEO: RSA overview, ESG strategy, Environmental, Performance data, Climate change</p>
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p><b>7 NDP objectives from Chapter 3:</b> Economy and Employment</p>	<p>2021 IAR, ESG strategy, Our people, CSR 2021 ESG, CEO: RSA overview, ESG strategy, Our people, CSR, Stakeholder engagement and operations Property point <a href="http://www.propertypoint.org.za/">http://www.propertypoint.org.za/</a></p>
 <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>	<p><b>1 NDP objective from Chapter 4:</b> Economic Infrastructure</p>	<p>2021 IAR, CEO: RSA review, ESG strategy, Office, Operations, Retail, CSR 2021 ESG, CEO: RSA overview, ESG strategy, Environmental, CSR, Stakeholder engagement and operations Property point <a href="http://www.propertypoint.org.za/">http://www.propertypoint.org.za/</a></p>

UN SDGs	Alignment with NDP	Growthpoint aligned activities
 <p><b>10</b> REDUCED INEQUALITIES</p>	<p><b>1 NDP objective from Chapter 3:</b> Economy and Employment</p> <p><b>1 NDP objective from Chapter 11:</b> Social Protection</p> <p><b>1 NDP objective from Chapter 15:</b> Nation Building and Social Cohesion</p>	<p>2021 IAR, CEO: RSA review, ESG strategy, Operations, Retail, Our people, CSR</p> <p>2021 ESG, CEO: RSA overview, ESG strategy, Our people, CSR, Stakeholder engagement and operations</p>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p><b>1 NDP objective from Chapter 4:</b> Economic Infrastructure</p> <p><b>3 NDP objectives from Chapter 5:</b> Environmental Sustainability and Resilience</p> <p><b>4 NDP objectives from Chapter 8:</b> Transforming Human Settlements</p>	<p>2021 IAR, Chairman's statement, CEO: RSA review, ESG strategy, Operations, Retail, V&amp;A, CSR, Risk management</p> <p>2021 ESG, CEO: RSA overview, ESG strategy, Environmental, Our people, CSR, Stakeholder engagement and operations</p> <p>Property point <a href="http://www.propertypoint.org.za/">http://www.propertypoint.org.za/</a></p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p><b>2 NDP objectives from Chapter 5:</b> Environmental Sustainability and Resilience</p>	<p>2021 IAR, CEO: RSA review, ESG strategy, Operations, Risk management</p> <p>2021 ESG, CEO: RSA overview, Environmental, CSR, Stakeholder engagement and operations</p>
 <p><b>13</b> CLIMATE ACTION</p>	<p><b>3 NDP objectives from Chapter 5:</b> Environmental Sustainability and Resilience</p>	<p>2021 IAR, Group CEO review, ESG strategy, Operations, Risk management</p> <p>2021 ESG, CEO: RSA overview, ESG strategy, Chairman statement, Environmental, CSR, Performance data, Climate change</p> <p>Growthpoint targets <a href="https://growthpoint.co.za/environmental-sustainability/targets">https://growthpoint.co.za/environmental-sustainability/targets</a></p>
 <p><b>14</b> LIFE BELOW WATER</p>	<p><b>1 NDP objective from Chapter 5:</b> Environmental Sustainability and Resilience</p>	<p>2021 IAR, V&amp;A</p> <p>Two Oceans Aquarium <a href="https://www.aquarium.co.za/">https://www.aquarium.co.za/</a></p>
 <p><b>15</b> LIFE ON LAND</p>	<p><b>1 NDP objective from Chapter 5:</b> Environmental Sustainability and Resilience</p>	<p>2021 IAR, Operations</p> <p>2021 ESG, CEO: RSA overview, Environmental</p>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p><b>5 NDP objectives from Chapter 13:</b> Building a Capable and Developmental State</p> <p><b>1 NDP objective from Chapter 14:</b> Fighting Corruption</p>	<p>2021 IAR, CEO: RSA review, Operations, Our people, CSR</p> <p>2021 ESG, CEO: RSA overview, Environmental, Our people, Stakeholder engagement and operations</p>
 <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>	<p><b>2 NDP objectives from Chapter 7:</b> South Africa in the Region and the World</p>	<p>2021 IAR</p> <p>2021 ESG report</p>
	<p><b>1 NDP objective from Chapter 4:</b> Economic Infrastructure</p> <p><b>1 NDP objective from Chapter 9:</b> Improving Education, Training and Innovation</p> <p><b>2 NDP objectives from Chapter 11:</b> Health Care for All</p> <p><b>2 NDP objectives from Chapter</b> Social Protection</p>	<p>2021 IAR, ESG strategy, Our people, CSR, Funds management</p> <p>2021 ESG, CEO: RSA overview, ESG strategy, Our people, CSR, Healthcare fund</p>

# Abbreviations

<b>AFFO</b>	Adjusted funds from operations
<b>ABET</b>	Adult basic education and training
<b>ACTSA</b>	Association of Corporate Treasurers of Southern Africa
<b>Acucap</b>	Acucap Properties Limited
<b>AdmedGap</b>	Hospitalisation gap cover
<b>AFS</b>	Annual financial statements
<b>AGM</b>	Annual general meeting
<b>AI</b>	Artificial intelligence
<b>AIM</b>	Alternative investment market of the London Stock Exchange
<b>Alsi 40</b>	JSE/Actuaries All Share Top 40 Companies Index
<b>ANC</b>	African National Congress
<b>ADI</b>	APN Industria Reit
<b>A-REIT</b>	Australian Real Estate Investment Trust
<b>ASIB</b>	Automatic Sprinkler Insurance Bureau
<b>ASISA</b>	Association for Savings and Investment South Africa
<b>ASX</b>	Australian Stock Exchange
<b>AUD</b>	Australian Dollar
<b>B-BBEE</b>	Broad-based black economic empowerment
<b>BCI</b>	RMB/BER Business Confidence Index
<b>BER</b>	Bureau for Economic Research
<b>BOE</b>	Bank of England
<b>BPO</b>	Business process outsourcing
<b>BPR</b>	Best practice recommendations
<b>bps</b>	Basis points
<b>c.</b>	circa
<b>CAGR</b>	Compound annual growth rate
<b>CCI</b>	Consumer Confidence Index
<b>CCIRS</b>	Cross-currency interest rate swap
<b>CDIO</b>	Chief Development and Investment Officer
<b>CDP</b>	Carbon Disclosure Project
<b>CEE</b>	Central and Eastern Europe
<b>CEO</b>	Chief Executive Officer
<b>CGU</b>	Cash-generating unit
<b>CIPC</b>	Companies and Intellectual Property Commission
<b>COBIT</b>	Framework for the governance and management of IT
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>COO</b>	Chief Operating Officer
<b>COE</b>	Centre of Excellence
<b>CPI</b>	Consumer price index
<b>CPLI</b>	JSE 100 Carbon Performance Leadership Index

<b>CRAR</b>	Commercial rent arrears recovery
<b>CRISA</b>	Code for Responsible Investment in South Africa
<b>CRM</b>	Customer relations management
<b>CSI</b>	Corporate social investment
<b>CSOS</b>	Community Schemes Ombud Service Act
<b>CSR</b>	Corporate social responsibility
<b>CSSA</b>	Chartered Secretaries South Africa
<b>C&amp;R</b>	Capital & Regional
<b>CVA</b>	Company voluntary agreements
<b>DFI</b>	Development finance institutions
<b>DIA</b>	Debts Issuers Association
<b>DIPS</b>	Distributable income per share
<b>DJSI</b>	Dow Jones Sustainability World Index
<b>DPS</b>	Distribution per share
<b>DRIP</b>	Distribution reinvestment plan
<b>DTIC</b>	Department of Trade, Industry and Competition
<b>EAAB</b>	Estate Agency Affairs Board
<b>EAP</b>	Employee assistance programme
<b>EBIT</b>	Earnings before interest and tax
<b>EBP</b>	Existing building performance
<b>ECD</b>	Early childhood development
<b>EE</b>	Eastern Europe
<b>EMTN</b>	Euro Medium-Term Note
<b>EPRA</b>	European Public Real Estate Association
<b>ERM</b>	Enterprise risk management
<b>ERS</b>	Executive retention scheme
<b>ESG</b>	Environmental, social and governance
<b>EUR</b>	Euro
<b>EVP</b>	Employer value proposition
<b>EWP</b>	Energy and water performance
<b>FCTR</b>	Foreign currency translation reserve
<b>FECs</b>	Forward exchange contracts
<b>FTSE/JSE RI</b>	FTSE/JSE Responsible Investment Index
<b>FFO</b>	Funds from operations
<b>FY</b>	Financial year
<b>G2</b>	Growthpoint gives
<b>GAI</b>	Governance assessment instrument
<b>GAV</b>	Gross asset value
<b>GBCSA</b>	Green Building Council of South Africa
<b>GBP Sterling</b>	Pounds sterling

## Abbreviations *continued*

<b>GCTC</b>	Guaranteed cost to company
<b>GDP</b>	Gross domestic product
<b>GEPF</b>	Government Employees Pension Fund
<b>GHPH</b>	Growthpoint Healthcare Property Holdings
<b>GIAP</b>	Growthpoint Investec African Properties
<b>GLA</b>	Gross lettable area
<b>GMF</b>	GPT Metropolitan Office Fund
<b>GOZ</b>	Growthpoint Properties Australia Limited
<b>GPRE</b>	Globalworth Poland Real Estate N.V.
<b>GRI</b>	Global Reporting Initiative
<b>GW</b>	Globalworth Real Estate Investments
<b>Group Exco</b>	Group Executive Management Committee
<b>Growthpoint</b>	Growthpoint Properties Limited
<b>GRESB</b>	Global Real Estate Sustainability Benchmark
<b>GSIS</b>	Growthpoint Staff Incentive Scheme
<b>HHTS</b>	Healthy Heads in Truck & Sheds
<b>IAR</b>	Integrated annual report
<b>IAS</b>	Investment Analysts Society
<b>IASB</b>	International Accounting Standards Board
<b>IFC</b>	International Finance Corporation
<b>IFRS</b>	International Financial Reporting Standards
<b>IIRC</b>	International Integrated Reporting Council
<b>Income Tax Act</b>	Income Tax Act, No 58 of 1962
<b>IoD</b>	Institute of Directors
<b>IoT</b>	Internet of things
<b>IDR</b>	Industria REIT
<b>ISO</b>	International Organisation of Standards
<b>ITO</b>	IT outsourcing
<b>IT</b>	Information technology
<b>IT&amp;C</b>	Information technology and communications
<b>ITS</b>	Integrated transformation strategy
<b>JCCI</b>	Johannesburg Chamber of Commerce and Industry
<b>JIBAR</b>	Johannesburg Interbank average rate
<b>JSE</b>	Johannesburg Stock Exchange
<b>JSE Listings Requirements</b>	Listings Requirements of the JSE Limited
<b>JV</b>	Joint venture
<b>King IV™</b>	King IV Report on corporate Governance for South Africa 2016
<b>KPA</b>	Key performance area
<b>KPI</b>	Key performance indicator



<b>kWh</b>	Kilowatt hours
<b>LEED</b>	Leadership in Energy and Environmental Design
<b>Lango</b>	Lango Real Estate Limited
<b>LTI</b>	Long-term incentive
<b>LTV</b>	Loan to value ratio
<b>Manco</b>	Management Committee
<b>MER</b>	Managed expense ratio
<b>MOCAA</b>	Zeitz Museum of Contemporary Art Africa
<b>MOI</b>	Memorandum of Incorporation
<b>Moody's</b>	Moody's Investor Services
<b>MSCI</b>	Morgan Stanley Capital International
<b>NABERS</b>	National Australian Built Environment Rating System
<b>NAV</b>	Net asset value
<b>NBI</b>	National Business Initiative
<b>NDR</b>	Non-distributable reserve
<b>NGO</b>	Non-government organisation
<b>NPAT</b>	Net profit after tax
<b>NPI</b>	Net property income
<b>NRV</b>	Net reinstatement value
<b>NTA</b>	Net tangible assets
<b>OCI</b>	Other comprehensive income
<b>OHSA</b>	Occupational Health and Safety Act No 85 of 1993
<b>pa</b>	Per annum
<b>PI</b>	Property Investment Group
<b>PFI</b>	Property Industry Foundation
<b>PIC</b>	Public Investment Corporation (SOC) Limited
<b>PMS</b>	Performance Management System
<b>POPIA</b>	Protection of Personal Information Act
<b>PV</b>	Photovoltaic
<b>QLFS</b>	Quarterly labour force survey
<b>RBA</b>	Reserve Bank Australia
<b>REIT</b>	Real Estate Investment Trust
<b>Remco</b>	HR and Remuneration Committee
<b>RFP</b>	Request for proposal
<b>RIMS</b>	Risk information management system
<b>RSA</b>	Republic of South Africa
<b>RSA Exco</b>	RSA Executive Management Committee
<b>SABS</b>	South African Bureau of Standards
<b>SARB</b>	South African Reserve Bank
<b>SA REIT</b>	South African Real Estate Investment Trust

## Abbreviations *continued*

<b>SAFMA</b>	South African Facilities Management Association
<b>SAIBPP</b>	South African Institute of Black Property Practitioners
<b>SANS</b>	South African National Standards
<b>SAPOA</b>	South African Property Owners Association
<b>SAPY</b>	South African listed property index
<b>SASRIA</b>	South African Special Risk Insurance Association
<b>SBTs</b>	Science-based targets
<b>SBPR</b>	EPRA Sustainability Best Practices Recommendations
<b>SENS</b>	Securities Exchange News Service
<b>SLA</b>	Service level agreement
<b>SME</b>	Small medium enterprises
<b>SOP</b>	Standard operating procedure
<b>STI</b>	Short-term incentive
<b>Sycom</b>	Sycom Property Fund
<b>tCO<sub>2</sub>e</b>	Tonnes of carbon dioxide emissions
<b>The Act</b>	Companies Act, No 71 of 2008
<b>TCFD</b>	Task Force Climate-related Financial Disclosure
<b>Tiber</b>	Tiber group of companies
<b>TFR</b>	Total fixed remuneration
<b>TR</b>	Total return
<b>TRem</b>	Total remuneration
<b>The Board</b>	The Board of Directors of Growthpoint Properties Limited
<b>The company</b>	Growthpoint Properties Limited
<b>The Group</b>	Growthpoint Properties Limited Group
<b>TSR</b>	Total shareholder return
<b>UN SDG</b>	United Nations Sustainable Development Goals
<b>USD</b>	United States Dollar
<b>US</b>	United States
<b>V&amp;A</b>	V&A Waterfront
<b>VAT</b>	Value added tax
<b>VWAP</b>	Volume weighted average price
<b>WACC</b>	Weighted average cost of capital
<b>WALE</b>	Weighted average lease expiry
<b>WAN</b>	Wide area network
<b>WCDE</b>	Western Cape Department of Education
<b>WHO</b>	World Health Organisation
<b>WPN</b>	Women's Property Network
<b>WSE</b>	Warsaw Stock Exchange
<b>WTTC</b>	World Travel and Tourism Council
<b>WULA</b>	Water user licence application

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