

United Nations Global Compact: Annual progress report against the Ten Principles

Communication on Progress
for period 01 September 2020 to 31 August 2021

Statement of Continued Support by the Chief Executive Officer, Andrew König

21 October 2021

To our stakeholders:

I am proud to confirm that RedeFINE Properties Limited reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, corporate culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

All figures disclosed in this document will be subject to the figures contained in our annual ESG report which will be published in December 2021.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Andrew König", is positioned above the printed name.

Andrew König
Chief Executive Officer
Email: investorenquiries@redefine.co.za

The following section provides a brief overview of our progress against each of the Ten Principles to date in accordance with applicable legislation within South Africa. The measurement have been contextualized in our description of actions taken to promote each of the Ten Principles under the differentiations of Human Rights, Labour, Environment, and Anti-Corruption.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

- 1.1 We remain committed to our corporate responsibility to respect human rights, in line with the UN Guiding Principles on Business and Human Rights. This includes respecting the fundamental rights to which every person is entitled in the South African Bill of Rights, including freedom and security of the person; religion, belief and opinion, expression, association, movement and residence, trade, occupation and profession. We take steps to observe the Bill of Rights in every aspect of our operations. Our commitment to human rights goes beyond issues of legal liability and enforcement.
- 1.2 We are committed to implementing internationally agreed principles on human rights in accordance with the UN SDGs, avoiding infringing on the human rights of others, and addressing adverse human rights impacts which involve the Company.
- 1.3 We have reviewed our internal policies, including the Code of Business Conduct, Human Rights Policy, Employment Equity Policy, Disciplinary and Recruitment Policy as well as our values in this regard, to ensure that they are sensitive to diversity, human and cultural rights.
- 1.4 The SAHRC (South African Human Rights Commission) has conducted training amongst our employees to help them understand the Bill of Rights, and their rights of recourse where an employee observes an infringement of human rights. This training was applicable to all employees. 70% of staff attended the human rights training coordinated by the SAHRC which incorporated training on The Constitution, the Bill of Rights, Human Rights including its the identification and history, and the overall role and responsibilities of the SAHRC (South African Human Rights Commission)
- 1.5 We have conducted a survey amongst our employees to understand their views on diversity and inclusion and provided them with opportunities to share suggestions on how we can further embed diversity within the organization.
- 1.6 Our CEO issued a standing open invitation to all staff to approach him directly with insights on how we can further racial, gender and cultural diversity within the Company.
- 1.7 Our employees are encouraged to use the processes set out in our internal formal grievance procedure and Code of Business Conduct should they identify any potential or actual human rights violations.

- 1.8 Should any of our key stakeholders (including our tenants, suppliers or members of the community) want to report a potential or actual abuse of human rights, they may also use our anonymous whistleblower hotline which is managed by an independent third party. Material issues thus reported are referred to the relevant department for internal investigation and management is required to report to the Social, Ethics and Transformation Committee on a quarterly basis regarding the progress made in addressing those concerns.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

- 2.1 Our supplier code of conduct communicates that we may, at our discretion, conduct third party due diligences in selecting and monitoring the performance of our suppliers, which may include conducting human rights-related due diligence assessments. In attesting to the code of conduct, our suppliers are required to confirm their compliance therewith.
- 2.2 Our supplier code of conduct sets out our expectations of our suppliers, i.e. our suppliers must respect the rights, dignity and freedom of their employees, treat them in a fair and ethical manner, and observe the UN Universal Declaration of Human Rights.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

- 3.1 We support each employee's right to freedom of association and their right to form or join a trade union.
- 3.2 Our supplier code of conduct requires our suppliers to guarantee that the rights of their employees to freedom of expression, association and collective bargaining are respected and that all applicable laws relating to these rights are observed. Many of our supply chain partners are members of highly regulated industries in their own right that have a strong trade union or bargaining council presence.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

- 4.1 All of our employees sign duly executed employment contracts with us, they are afforded the protections that they are entitled to under South African labour law and they benefit from our employee value proposition. Our employees are made aware of their rights and processes regarding termination of employment and are free to resign at any time, they are required to serve a notice period that is appropriate to their seniority.
- 4.2 We observe the principles of the International Labour Organization (ILO), particularly regarding decent work. We ensure that any external recruitment agencies that we use when recruiting are reputable and recognized.
- 4.3 We take steps to ensure that our employees operate in a safe and healthy working environment and we do not force our employees to work under unsafe conditions, particularly during COVID-

19 when the government has encouraged employers to let their employees work remotely to the extent possible. We improved the technology necessary for employees to fully work from home during the government lockdown. For those employees who were unable to work remotely, we placed them on special leave where possible.

- 4.4 Developments have been made to increase online learning capabilities and communications to support the ongoing training and development of employees working remotely and/or placed on extended leave due to Covid-19.
- 4.5 Our Human Resources function is responsible for managing labour standards throughout the Company and reports to the Executive Committee and the Social, Ethics and Transformation Committee regarding the setting and execution of these standards.
- 4.6 The Remuneration Committee observes the principle of equal pay for work of equal value when setting and implementing the remuneration policy, with the support of management. We comply with the Employment Equity Act and the relevant regulations regarding the reporting and management of our income differentials. We also invest in transformation by improving diversity from a race, gender and sexual orientation perspective at all levels within our organization.

Principle 5: Businesses should uphold the effective abolition of child labour

- 5.1 We apply all South African laws as well as the principles of the International Labour Organization (ILO) regarding the prohibition of the use of child labour. Our human rights approach reinforces our commitment in this regard. We do not use child labour in any of our operations.
- 5.2 In terms of our supplier code of conduct, suppliers are required to ensure that they do not engage in forced labour and that they prohibit the trafficking of persons, which means that all workers are employed on a voluntary basis free from any threat of violence, threats of criminal penalty, and restrictions on freedom of movement. Suppliers must also create a safe and healthy workplace environment and ensure that they avoid exploitative recruiting and hiring practices.
- 5.3 In terms of our supplier code of conduct, suppliers must comply fully with the prohibition of the use of child labour in line with local laws and the ILO Minimum Age Convention.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

- 6.1 Ensuring a diverse and inclusive workplace is more than just a legal and moral obligation and Redefine accepts inclusivity as an essential component of remaining competitive in the market. The Code of Business Conduct and Employment Equity policy state that we will not tolerate discrimination, harassment, intimidation, bullying, unlawful retaliation or offensive behavior of any kind, including on grounds of race, national origin, ethnicity, religion, gender, age, disability, veteran status, sexual orientation or any other legally protected characteristic.

Staff Demographic Breakdown

There are a total of 492 employees with 212 males and 280 females in the company

Ethnicity	Male	Female	Other	Total	% of Representation
African	128	123	0	251	51%
Coloured	13	48	0	61	12.4%
Indian	20	24	0	44	9%
White	51	85	0	136	27.6%

The average staff age is 40.56 years old

- 6.2 The Human Resources function reports to the Social, Ethics and Transformation Committee regarding the state of our employee relationships (in accordance with the Companies Regulations, 2011). This includes staff complements and movements, employment equity as well as training and development, including the identification of strategic training needs.
- 6.3 Where we acquire businesses, those employees are integrated into our business and their rights in terms of labour law are observed.
- 6.4 We have protocols in place to ensure that employees who are (or may have been) exposed to COVID-19 self-isolate for seven days in order to ensure that they do not come into contact with other employees and the public. In the COVID-19 environment, we ensure that there are measures in place to further protect the health and safety of our employees; to the extent that our offices are (or are suspected to be) contaminated, we proactively close the offices for deep cleaning. In line with legislation, we have also appointed COVID-19 compliance officers for each of our buildings.
- 6.5 We have employees (particularly retail centre managers and facilities managers) who are responsible for properties that are in areas that are prone to, or at risk of, public unrest. Where the conditions in those areas or properties may turn violent, we require them to stay away from the affected premises unless necessary, and where they go in person, to be supported by security and police wherever possible.
- 6.6 Our building managers and facilities managers are responsible for implementing health and safety protocols in the buildings that they manage, our tenant engagement plans during COVID-19 have included awareness campaigns regarding health and safety protocols, and we communicate regularly with our tenants whenever COVID-19 regulations for businesses are updated.
- 6.7 Each building has an emergency response plan and procedural document which is kept in the on-site health and safety file and is followed when there is a crisis or in the case of public unrest.
- 6.8 Our health and safety practices are audited externally by Comsaf (Pty) Ltd, to ensure that all properties comply with the requirements of the Occupational Health and Safety Act and best practice.
- 6.9 We invest in skills development and job opportunities for young people entering the workforce, in a macroeconomic environment where it is difficult for graduates to secure employment after they obtain their qualifications. Our learnership programme continues to provide exciting opportunities for young university graduates and unemployed youth who do not have the means

to obtain a formal qualification, while growing the pool of skilled and transformed entrants into the real estate sector. Successful applicants gain experience during a one-year paid internship, and if retained can complete a second year of internship with the Company. Learners also obtain a recognized qualification in business administration and practical industry-related experience. Top performing learners are identified and integrated into our business. A total of 53 learners are taking part in the learnership programme, with 22 new learners were onboarded during this period.

- 6.10 We are committed to making financial resources available for training and staff development. Our annual training target is to ensure that 80% of our workforce attends a minimum of one training event per year. We map personal development plans and career paths in consultation with our employees, who are encouraged to take accountability for identifying opportunities and initiating career development conversations. This process is essential to cultivating diverse talent within the Company. 98% of staff have attended internal training during the reporting period.
- 6.11 Following the challenges imposed by Covid-19 the company embarked on a four part wellness campaign which covered building beautiful relationships at work and home, dealing with Covid burnout, managing stress to create a balanced life, and breathing techniques. The wellness campaign was open to all staff members. The four part wellness campaign grew in popularity and was very well received by the staff, as witnessed by the feedback received. An average participation rate over the four sessions was 48%.
- 6.12 An employee engagement campaign was conducted during the period to gauge engagement levels of all staff members. The survey returned a score of 92% which outperformed the national benchmark of 62%.
- 6.13 An annual wellness day coordinated through Discovery Health which allows employees health and wellbeing to be assessed in individually by a professional wellness specialist.

Environment

The World Economic Forum 2021 Global Risks Report has identified that extreme weather and climate action failure are the most impactful and second most likely long-term risks respectively identified in their research. Real estate is particularly exposed to climate change, and as such we are committed to ensuring resilience as well as upholding the principles of transparency, accountability and sustainability in our stewardship of the natural resources under our care. Our key environmental focus areas include energy, water, waste, green buildings and the appropriate disclosure.

Principle 7: Businesses should support a precautionary approach to environmental challenges

We are committed to upholding the principles of transparency, accountability and sustainability in our stewardship of the natural resources under our care. Our key environmental focus areas include energy, water, waste, green buildings and the appropriate disclosure. We have adopted a set of environmental targets, using FY2019 as a baseline. We are considering the alignment of carbon emissions reduction targets to internationally recognized standards to align and measure our achievements against collective global targets such as the UN 2015 Paris Agreement, in order to

manage the risks related to climate change. We are also taking steps to obtain more Green Star certifications and several recertifications across our portfolio.

- 7.1 Continuous acquisitions and disposals of property affect the absolute footprint of the Company and thus the achievement of environmental targets, which is why we have included absolute targets that measure progress made irrespective of any disposals in the portfolio.
- 7.2 Water risks including both flooding and draughts remain a major concern and we have mapped out the risk profile of our properties based on their location, using the WRI Aqueduct Water Risk Atlas.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Our ability to be environmentally resilient has been identified as one of our top ten risks from an enterprise risk management perspective. As part of the mitigating actions related to this risk, management makes submissions to the Social, Ethics and Transformation Committee regarding the management of our carbon footprint and greenhouse gas emissions. We aim to introduce the Task Force on Climate-related Financial Disclosures (TCFD) framework to manage transition and physical climate-related risks in the business as part of our strategy to manage our long-term climate-related risks. We are also taking steps to improve awareness and expertise on climate risk management within the Company.

- 8.1 We previously had a rolling year-on-year target to reduce Scope 1 and 2 emissions per square metre of gross lettable area (GLA) by 5%. We have since adopted metrics to more precisely measure our efforts to reduce our impact on the environment, against a 2019 financial year baseline (which is more representative of our environmental footprint than 2020 financial year – our environmental footprint in that year was lower due to COVID-19). These are milestone targets that will prompt meaningful action to reduce our environmental footprint in the short term, which will be refined when we develop more sophisticated long-term goals. Each of these are directly linked to the UN SDGs, and the energy and water-related targets are linked to the sustainability-linked finance facilities that we have recently entered into. Scope 1 reported emissions were 3 684 tCO₂e. Total scope 1 emissions increased by 16,22 tCO₂e, or 0,44% primarily as a result of an increase in diesel consumption used by generators due to electricity outages (load shedding), offset by a decrease in use and reporting of air conditioning and refrigeration gas refills. Our scope 2 emissions decreased by 1 951,12 tCO₂e or 6,20%, mainly as a result of consumption of renewable energy in common areas and vacant spaces, coupled with a decrease in the emissions factor and a general reduction in electricity consumption due to the national lockdown implemented response to the Covid-19 pandemic.
- 8.1 Our annual carbon footprint follows the Greenhouse Gas Protocol (GHGP), which includes emissions from operations that are under our direct operational control. Our GHG inventory was developed in accordance with the GHGP Corporate Accounting and Reporting Standard, following the ISO 14064-3 International Standard for GHG verification principles.
- 8.2 We continue to benchmark the environmental performance of our properties and strive to increase the number of Green Star SA certifications in our portfolio. We have obtained 101 Green Star SA certifications, covering 57% of our total office GLA to date. This has increased our Green Star building certifications to 123 active certifications, with 16 Existing Building Performance (EBP) recertifications and 24 new EBP certifications during the reporting period.

- 8.3 Internal awareness programmes have been held to position sustainability in Redefines context. We have also provided several opportunities to our employees to participate in the UN Global Compact programmes available to us as signatories, which gives them direct exposure to material, tools and leading market practice regarding climate resilience.
- 8.4 Two training sessions have been held for the Social, Ethics and Transformation Committee and the Risk, Compliance and Technology Committee respectively regarding ESG trends, focusing on climate risk management and sustainable financing.
- 8.5 Our supplier code of conduct encourages our suppliers to understand and monitor their environmental performance and if requested, report back to us regarding their progress in this regard. To this end, we may conduct supplier risk assessments regarding the environmental performance of our largest suppliers or require them to conduct a self-assessment of their performance in this regard.
- 9.1 We have adopted more systematic disclosure standards, such as the Sustainability Accounting Standards Board (SASB) framework, in order to allow us and our key stakeholders to easily benchmark our environmental performance against our local and international peers. We have also introduced the inclusion of TCFD and SASB within our sustainability reporting. Redefine Properties was awarded top honours for reporting in the Ernst & Young (EY) Excellence in Integrated Reporting Awards. Our annual integrated report encompasses our ESG strategy, performance, expectations, commitments and goals.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

- 9.2 Our energy strategy is aimed at implementing alternative and/or renewable energy sources and reducing the consumption of several energy-intensive buildings. We will continue to install various technologies such as online monitoring and leaking detection, smart shutoff valves and sensors in bathrooms in our properties to reduce water consumption. We are also investigating the implementation of smart building technologies.
- 9.3 The issuance of a R1 billion sustainability-linked bond has been earmarked for the development of environmentally friendly technologies within our existing portfolio.
- 9.4 Water consumption is tracked through water meter or water consumption readings provided by municipalities. Additional water meters have been installed at our key and other water-intensive properties for better implementation of water-efficiency and recycling projects. Thirty five buildings have had smart monitoring and leak detection systems installed to reduce water consumption
- 9.5 For new construction and major renovation projects, green building principles are incorporated into our development activity. Three buildings have been constructed during this period, two of which are industrial buildings and one retail center, and all have been built incorporating green building principles and six redevelopments have been undertaken and all incorporate green building principles.

- 9.6 Our scope 3 emissions attributed 94.28% of our total carbon emissions in 2020 financial year, which mainly results from electricity used by tenants. Further efforts are being taken to encourage the efficient use of electricity and the gradual reduction of scope 3 emissions. Our scope 3 emissions were recorded at 548 056 tCO₂e (based on category 1 – purchased goods and services being water, category 3 – fuel and energy related activities being electricity sold to tenants, category 5 – waste, category 6 – business travel, and category 7 being employee commuting). This amount represents a decrease of 130 040,42 tCO₂e or 19,18% and was mainly as a result of reduced consumption in electricity sold to tenants, water and waste as a result of the national lockdown implemented in response to the Covid-19 pandemic. Non-Kyoto Protocol GHG reported emissions totaled 1 923 tCO₂e
- 9.7 Lighting systems are being retrofitted with efficient lighting technology.
- 9.8 Solar PV plants are being installed to provide renewable energy. During 2021, we increased our renewable energy capacity to 27 064 kWp. This was achieved expanding our existing solar PV existing capacity by 8 117 kWp resulting in an additional reduction of 12 330 tCO₂e in carbon emissions, and installing new solar installations which has added an additional 8 519 kWp to our solar PV capacity, resulting in a further reduction of 13 060 tCO₂e carbon emissions. This equates to an investment of over R200 million for the expansion of our solar PV programme. In 2020 we achieved a combined energy reduction through high-efficiency equipment installations and renewable projects of 33 379 MWh. The regulatory cap on generation capacity will soon be officially lifted, which will enable us to implement more ambitious renewable energy installations and further reduce our reliance on grid-supplied electricity.
- 9.9 We will continue to install various technologies such as online monitoring and leaking detection, smart shutoff valves and sensors in bathrooms in our properties to reduce water consumption.
- 9.10 We have expanded our internally managed waste to 39% of our properties gross lettable area.
- 9.11 We disclose our carbon emission data in, inter alia, our integrated reporting suite and various other international benchmarking platforms such as the Dow Jones Sustainability Index (DJSI), GRESB (formerly known as the Global Real Estate Sustainability Benchmark) and CDP (formerly known as the Carbon Disclosure Project) Water and Climate questionnaires.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

- 10.1 Our Code of Business Conduct, together with our Fraud and Anti-Corruption Policy which gives effect to the OECD recommendations regarding corruption, reflect our commitment to uphold the highest ethical standards in every aspect of our business. At a Board level, the Audit Committee and Risk, Compliance and Technology Committee review the Company's procedures for detecting and preventing fraud and bribery and receive reports of non-compliance.
- 10.2 The Board sets the tone for ethical leadership and the Executive Committee is responsible for promoting ethical behavior within the Company. The Chief Financial Officer, Head of Risk and Compliance, Head of ESG, Head of Internal Audit and Company Secretary are available to offer any ethics-related advice to employees.
- 10.3 Enterprise risk management, information technology (IT) and data governance protection systems have been implemented.
- 10.4 We communicate our ethics policies internally through training, periodic newsletters, emailers and desk pop-ups. Should there be any ethics-related concerns, our key stakeholders are encouraged to follow our grievance procedures and/or our anonymous whistleblower mechanism.
- 10.5 Our Risk and Compliance function conducts internal training and workshops on new legislation and the impact thereof within the business.
- 10.6 Our Risk and Compliance function also conducts quarterly sessions with the heads of our various business units who provide input on the strategic and operational risks associated with their areas of responsibility.
- 10.7 Risk workshops are conducted annually with the Board, and all board members attended the event for the reporting period.
- 10.8 Ethics-related risks are addressed through our enterprise risk management framework and we take mitigating actions to ensure that we maintain a strong ethical governance structure.
- 10.9 We have commissioned an externally facilitated internal corporate governance review, in line with best practice.
- 10.10 Our whistleblower policy has been updated during the reporting period.
- 10.11 A five-part anti-fraud awareness campaign, that applied to all employees was run during the first quarter of the year, and provided guidance on how to remain vigilant regarding fraud and corruption risks, internally and within the supply chain. 74.5% of staff participated in this campaign which covered what fraud means for individuals and organisations, how to spot a fraudster at work and fraud and its effect on both individual and organizational integrity.

- 10.12 Part of our safeguards against fraud and corruption include managing actual and potential conflicts of interest. At a Board level, directors are required to timeously inform the Board of any conflicts, or potential conflicts, of interest that they have in relation to particular items of business or other directorships, in accordance with the Companies Act, 2008. Comprehensive registers are maintained of individual directors' interests in and outside the Company and these are updated annually and noted by the Board at each Board meeting.
- 10.13 There is a separate formal conflict of interest policy for employees which is supported by a standard operating procedure. Employees must complete a prescribed declaration form and submit it annually, regardless of whether they have a conflict to declare or not, an annual drive run by our HR department is undertaken in the new year for employees to complete their conflict of interest declarations. Any employee of Redefine who has a direct or indirect interest in a supplier shall declare the conflict in accordance with the policy.
- 10.14 Our gift declaration policy ensures that all gifts given and received must be declared to Human Resources via an online system. Our human resources department send an annual reminder to employees to complete their gift declarations (particularly during the festive season).
- 10.15 In terms of the supplier code of conduct, each supplier is required to report all direct and indirect conflicts of interest that may arise that relate to their business dealings with Redefine.
- 10.16 Our property management team observes our anti-bribery and corruption protocols when engaging with our tenants.
- 10.17 All staff members, when onboarded, receive comprehensive two day induction training including training on Redefines code of business conduct and ethics policies. A total of 84 new staff members and learners were onboarded during this period.
- 10.18 An annual staff roadshow was conducted virtually during the period, and part of the roadshow included discussions on anti-corruption and corporate governance
- 10.19 The company achieved a 76th percentile advanced ethical maturity score from The Ethics Institute

We trust the above information provides you with an overview of our continued commitment to, and support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.