

Sustainability Report

Sustainability reporting combines economic performance with social responsibility and environmental care. It aims to help businesses set goals. It also measures performance and manages change towards sustainability. In commerce, sustainability is often defined with reference to the “triple bottom line” concept. This concept encourages the measurement of sustainability with reference to financial, social and environmental aspects. Spear strongly believes that for a company to prosper over the long term, it must create value for society as well as for shareholders.

Guided by our focus of acquiring high-quality real estate in key Western Cape nodes, we seek to be a positive influence in all our core businesses and in each of the societies in which we operate. We do this by empowering communities through job creation, focusing on education in previously disadvantaged communities, building supplier and enterprise development partnerships and leveraging the value in our diverse employee and stakeholder base. We recognise the challenges that climate change presents to the South African economy and we will consider supporting any meaningful activity that reduces the negative impact on our planet.

Sustainability at Spear is focused on three key elements

Financial

- Building a sustainable business model to position the group's long-term growth and stability.
- Strong focus on property fundamentals to ensure that we remain true to our core business.
- Identifying potential macro-economic risks and effectively hedging negative exposures.

Social

- Focusing on attracting and developing a strong, capable and diverse workforce.
- Creating a work environment and society free from discrimination.
- Upliftment of employees through opportunities to access ongoing training and education.
- Supporting local communities through promotion of education.
- Promotion of entrepreneurship through focused supplier and enterprise development.

Environmental

- Creating a safe and healthy workplace and reducing the environmental footprint of our business.
- Incorporating environmental consciousness into all business activities.

The financial elements of our business have been dealt with extensively throughout this integrated report and this report therefore focuses primarily on the remaining two elements of sustainability.

Social

Human capital

There is no doubt that a large part of the group's success is due to the quality of its people. We have always maintained that in order to achieve the vision of the group, a highly skilled and diverse team is essential.

Spear boasts a unique team with the talent and ability to maintain high levels of productivity output on the continuous growth journey. During the year under review, Spear adopted a new performance appraisal and employee engagement process to identify areas of strengths, weaknesses and potential improvements across various areas of the business and the employees as well.

Our focus on employee empowerment has always been of paramount importance. Our group was founded by entrepreneurs and this entrepreneurial spirit remains one of our key philosophies. In an attempt to nurture this spirit in our people, we have implemented a high-performance culture where we seek to empower our staff and encourage them to take ownership and make a difference.

We currently employ thirteen people (excluding executive directors), seven of whom are from previously disadvantaged backgrounds. We subscribe to the principle that diversity is essential to create a strong, vibrant and successful enterprise. Our recruitment philosophy is therefore to employ the best person for



Double Tree by Hilton Hotel Cape Town – Upper Eastside

the job, giving preference to previously disadvantaged candidates. Seven of our staff complement are female and we will remain mindful of the importance of gender representation as we grow our staff complement.

In order to attract and retain the right people, we have implemented a remuneration system for all employees that consists of a fixed salary, a short-term incentive and a long-term share-based incentive. Funds are also made available for staff training and bursaries are made available to staff members who want to further their tertiary education. Ultimately, the company is seeking an alignment of interests with its staff, with all staff benefiting appropriately as the group creates value for its shareholders.

Contribution to society

Our approach to corporate social spend focuses mainly on education and entrepreneurship. We believe that focusing on education and entrepreneurship is an effective way to create opportunities for employment, wealth creation and to stimulate socio-economic growth in our struggling economy.

As a company, we have committed ourselves to not only contribute to the community financially, but also through devoting time to those in need by taking part in community projects to help the less fortunate.

Environmental impact and health and safety

Spear is committed to create a safe and healthy workplace and reduce the environmental footprint of our business.

We are invested in a long-term asset class and are fully aware of the fact that the reckless use of our natural resources today will negatively impact on our ability to create value in the future.

We recognise that we live in a water-scarce country, specifically the Western Cape where Spear's investment strategy focuses, and that we are facing a growing gap between water supply and demand, perpetuated by a changing global climate. We also recognise that there is growing uncertainty relating to sustainable electricity supply and pricing and as such we need to keep abreast of all developments in this sector and investigate energy-saving mechanisms and alternative energy sources which make commercial sense. Lastly, we believe that climate change is a reality and we need to assess our climate change risks on an ongoing basis and identify opportunities that may have an impact on the country, its people and our organisation.

The group will strive to develop the business in an environmentally sustainable manner in the future and we will embrace this philosophy as we develop new products in the coming years. In this regard, we will include environmental best practice principles in our brief to development teams and ensure that these principles are incorporated into the final design. Our environmental strategy focuses on facilitating the reduction of our environmental footprint while maintaining a positive effect on asset values. We also wish to share positive practices and influence our stakeholders and business partners towards greater sustainability activity.

We have consistently focused on reducing the water and energy consumption at our various buildings. We use solar technology and other energy-efficient saving methods to curtail electricity costs and we strive to optimise water usage through exploration and use of boreholes.