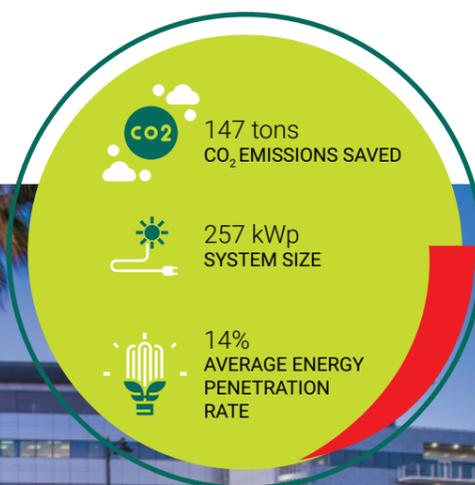


TOP 5 PROPERTIES BY VALUE

SECTOR / COMMERCIAL
LIBERTY LIFE
BUILDING,
CENTURY CITY



09

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

COMPOSITION AND ATTENDANCE OF MEETINGS

The composition of the committee and attendance of meetings are set out on pages 24 and 25.

KEY ROLE, FUNCTIONS AND RESPONSIBILITIES

The role, functions and responsibilities of the committee are prescribed by the Companies Act, No. 71 of 2008 (the "Companies Act"), as detailed in the committee's terms of reference, which are reviewed by the board annually.

In executing its duties, the committee is responsible for monitoring and overseeing:

- Ethics
- Social and economic development
- Good corporate citizenship
- Customer relations
- Environment, health and public safety
- Broad-based black economic empowerment
- Labour and employee engagement
- Compliance with applicable laws and regulations.

HIGHLIGHTS AND ACTIVITIES OF FY2022

Introduction

The Spear group has consistently sought to align its business with the principles and recommended practices of King IV™. The group remains guided by the JSE's Socially Responsible Investment Index criteria as well as other applicable laws and regulations.

Organisational-wide ethics

During the year under review, Spear remained committed to embedding organisational-wide ethics in accordance with Spear's board charter, Employee Hand Guide and Code of Business Ethics and Conduct as well as ethics-related policies to foster a good ethical culture in the group. In this regard, Spear continues to monitor its anonymous tip-off line to identify and address areas of concern and implement ethics-awareness campaigns.

Furthermore, Spear continued to address conflicts of interest throughout the group, which included the monitoring of gifts received and/or entertainment exchanged to ensure responsible and ethical business practices throughout the group. Spear also conducted a conflict of interest awareness workshop for all its employees during the year under review.

Corporate citizenship

During the year under review and in accordance with Spear's compliance monitoring framework policy, key emphasis was placed on Spear's corporate compliance programme to monitor Spear's activities whilst having regard to relevant legislation and prevailing codes of best practice. Spear ensured that relevant policies and processes to combat bribery and corruption were implemented and monitored.

Bursary programme

In FY2022, Spear continued its bursary programme by sponsoring the tertiary education of a historically disadvantaged individual that is not employed by the group.

Furthermore, Spear donated funds to the Women's Property Network Educational Trust to assist individuals with their studies in the property sector. These funds were generated via the Donate Your Roof renewable energy initiative. Details on this initiative is outlined in the sustainability report on page 29.

Spear also contributed towards the studies and training programmes of various staff members which include historically disadvantaged individuals.

CSI programme

During the year, Spear donated funds to various non-profit organisations such as Atlantic Hope, SALT, Hope Empowerment NPO and Bonginkosi. All of the above-mentioned organisations are doing incredible work in their respective communities, and it is management's intention to build a closer relationship with them through our CSI programme.

Environment, health and public safety

The committee continued to monitor environmental, health and safety aspects in accordance with the short-, medium- and long-term strategy of the group. Our environmental strategy remains focused on facilitating the reduction of our environmental footprint while maintaining a positive effect on asset values.

Spear remained committed to monitoring Covid-19 occupational health and safety regulations to ensure the wellbeing and safety of employees and stakeholders across the portfolio. No major health and safety impacts on communities, employees and/or customers in terms of the group's operations, activities and services were recorded during the year under review.

Water continuity

Spear has continued to introduce systems across the portfolio to ensure that water usage in our buildings is limited and not fully reliable on municipal supply for daily use but rather from alternate sustainable sources.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE (CONTINUED)

Solar PV

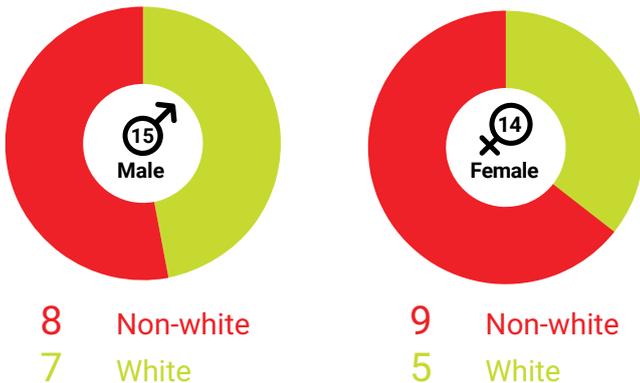
In line with the group's strategic objectives, significant progress was made on the implementation of solar technology and other energy-efficient saving methods to become less reliant on municipal electricity across the portfolio. The investment into renewable energy is a key furtherance of Spear's sustainability strategy.

Broad-based black economic empowerment (B-BBEE)

During the year under review, the Committee continued to monitor progress made with regard to the group's transformation activities. Spear remained committed to improving its B-BBEE contributor status with key focus on achieving its skills development, employment equity, management control and socio-economic development targets. In this regard, Spear utilised the services of an independent consultant to assist Spear in achieving these targets.

In relation to employment equity and skills development, the committee continued to monitor progress against its targets in relation to Spear's employment equity and skills development plans in accordance with the short-, medium- and long-term strategy of Spear, including the barriers identified during the year under review.

The graph below illustrates Spear's current workforce profile:



During the period under review and with the assistance of Spear's training committee, a detailed training plan was adopted in which the group's employees gained access to various training courses and programmes funded by Spear. Spear is committed to ensuring that its employees are empowered through education and skills development via the implementation of its training plan.

Spear has set itself a target to achieve a B-BBEE rating in FY2023 through various initiatives that it has implemented.

Labour and employee engagement

During FY2022, the committee reviewed the outcomes of the plans implemented to ensure compliance with labour legislation in furtherance of Spear's objectives of promoting equality, preventing discrimination and creating decent employment.

Conclusion

During the period under review, the committee has discharged its responsibilities appropriately. Management has confirmed that there has been no material non-compliance with legislation or regulations that are within the remit of the committee's mandate. In addition, there were no infringements of the relevant governance codes that were reported, which included Spear's laws of establishment and memorandum of incorporation. Therefore, the committee has fulfilled its mandate as prescribed by the Companies Act Regulations and there were no instances of material non-compliance to disclose.

The committee recognises that as the group grows its asset base and employee component, the monitoring of compliance with the relevant social, ethical, and legal requirements and best practice codes will play an ever-greater part in its long-term sustainability and setting its ethical culture.

Niclas Kjellström-Matseke
Chair: Social and Ethics Committee

20 May 2022