

# 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 through its 3Ps (people, planet and profit) approach to sustainability.*

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

### People

- 📌 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.

### Planet

- 📌 Introducing systems to ensure water usage is limited and not fully reliable on municipal supply and providing our buildings with sufficient potable and non-potable water for daily use obtained from sustainable sources
- 📌 Implementing systems to make use of renewable energy to reduce the carbon footprint of the company
- 📌 Creating a safe and healthy workplace and reducing the environmental footprint of our business
- 📌 Incorporating environmental consciousness into all business activities.

### Profit

- 📌 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.

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.

## PEOPLE

### 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 continued with its 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. Spear continued its bursary programme with the sponsoring of a historically disadvantaged employee's tertiary education.

We currently employ 29 people (excluding executive directors), 17 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 the job, giving preference to previously disadvantaged candidates. Eleven 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 and wealth creation and to stimulate socio-economic growth in our struggling economy.

Spear continued to donate funds to various non-profit organisations, being Atlantic Hope, SALT, Hope Empowerment NPO and Bonginkosi. In addition, Spear donated funds to the Women's Property Network bursary fund to assist individuals with their studies in the property sector. These funds were generated from the solar power roof rentals earned from one of its properties via the Donate Your Roof renewable energy initiative.

## ENVIRONMENTAL IMPACT AND HEALTH AND SAFETY

Spear remains committed to creating a safe and healthy workplace continually seeking to reduce the environmental footprint of the group.

Spear's approach, in accordance with best practice principles and management's own strategy, reflects a focused and balanced economic, social and environmental approach resulting in a multi-pronged sustainable investment that provides environmental benefit and financial growth in the medium to long term.

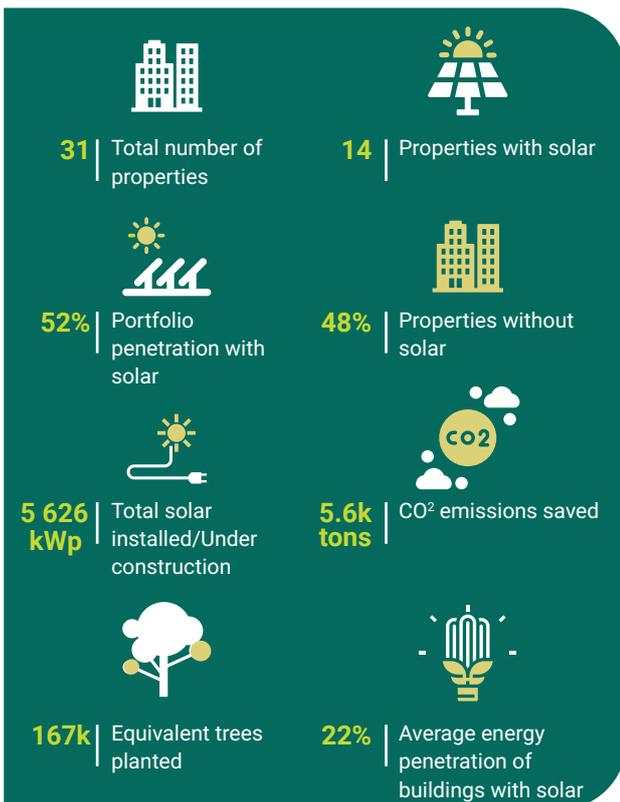
Because of the Covid-19 pandemic, key emphasis remained on the implementation and monitoring of the Covid-19 occupational health and safety regulations to ensure the wellbeing and safety of employees and stakeholders across the portfolio.

Management acknowledges that real estate is a long-term investment that requires availability to natural resources to service the needs of its tenants. Management is determined to find innovative ways to reduce its overall carbon footprint across the portfolio to limit the amount of carbon emissions released into the environment.

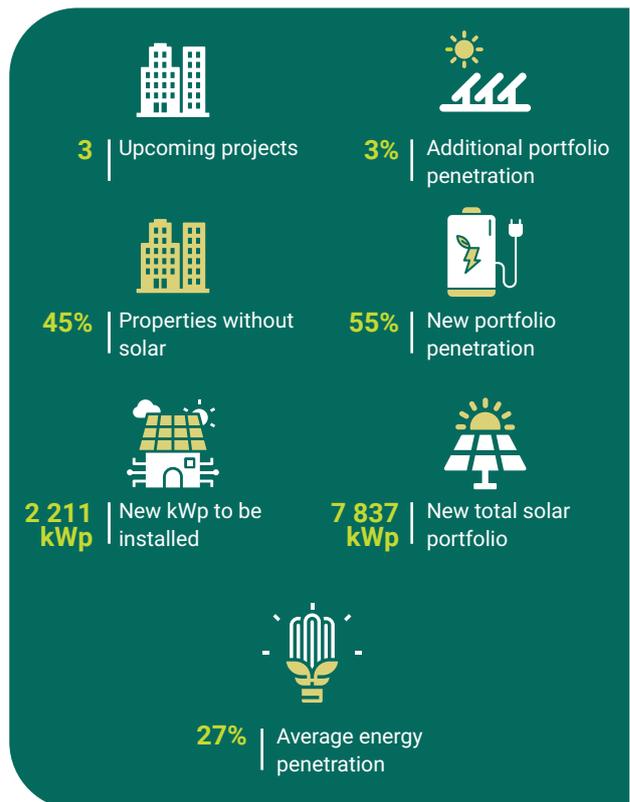
### Green projects

Spear has adopted the Green Lease Addendum ("GRLA") relating to buildings that have obtained a rating from the Green Building Council of South Africa. The GRLA is a non-binding contract between the landlord and tenant to mutually work towards adopting green principles both inside and outside of a tenant's direct areas of use. The latter is one of the initiatives introduced to co-labour with our tenants towards a more sustainable environment through the adoption of green principles. I am pleased to acknowledge that four of Spear's properties have been awarded the green star rating by the Green Building Council of South Africa.

CURRENT PROPERTY PORTFOLIO



UPCOMING PROJECTS



### Water sustainability

Spear had continued with its prudent approach and proactive stance to ensure that the portfolio's overall water consumption was limited and provided for in the future with the establishment of a continuity plan. 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. In this regard, Spear's pro-active measures include water harvesting, well points at three of its properties, onsite water storage facilities at eight of its properties.

### Energy sustainability

Spear has implemented the use of solar PV technology and other energy-efficient saving methods to curtail electricity costs and become less reliant on fossil fuel-generated electricity supply and more on renewable energy technology.

Through Spear's implementation of its energy-efficiency strategy, the company has reduced its carbon footprint in the area of energy by investing predominantly into rooftop solar PV systems across key parts of its portfolio.

In this regard, Spear has successfully completed phase one of the rollout of rooftop solar PV systems at nine of its properties during the year. These systems can generate approximately 4 million kWh of solar energy over a 12-month period. All proceeds from this Donate Your Roof renewable energy initiative were donated to a bursary fund for previously disadvantaged women and towards the project management fees to NPOs in the community. In addition, Spear closely monitors consumption trends and ensures that usage and tariff charges are all aligned. LED lighting has been installed across the portfolio that has common areas under the landlord's control and Spear has encouraged tenants to utilise energy-saving and energy-efficient lighting, which to a large degree has been adopted.