



Climate risk report

for the year ended 31 August 2023

Opting for the upside

ReDEFINE
PROPERTIES
We're not landlords. We're people.

The logo for Redefine Properties, featuring a red triangle to the left of the word 'ReDEFINE' in a bold, sans-serif font. Below it, the word 'PROPERTIES' is in a smaller, all-caps font. At the bottom, the tagline 'We're not landlords. We're people.' is written in a clean, sans-serif font. A solid red vertical bar is on the far right edge of the white box.



WELCOME TO OUR CLIMATE RISK REPORT for the year ended 31 August 2023

Our IR provides an opportunity to share our strategic priorities and progress as we continue to work on building a future-ready business to create the **Redefine of tomorrow**.

About Redefine

Redefine Properties Limited (Redefine, the group or the company) is a South African Real Estate Investment Trust (REIT). Our primary goal is to grow and improve cash flow which will underpin sustained value creation for all stakeholders.



We are listed on the JSE



We actively manage a **diversified, directly-held property asset platform** with a value of **R96.8 billion** comprising South African and Polish property assets



Placing **people and ESG at the heart of what we do** is what sets us apart, as it is not just about what we do but how we do it

Our reporting suite



Integrated report (IR)
Our **IR** is our primary report to stakeholders. It shows the relationship between the interdependent elements of our value-creation story.



Group annual financial statements (AFS)
Our **AFS** provide a comprehensive overview of Redefine's financial position and enable our stakeholders to understand our financial performance.



Environmental, social and governance (ESG) report
Our **ESG** report is a detailed account of our environmental and social goals and impacts enabled by the governance structures that support our sustainability. It includes our **remuneration report** as well as our social, ethics and transformation committee report.



Climate risk report (CRR)
Our **CRR** provides an overview of our long-term approach to climate-related risk and opportunity management, in line with the principles of the International Sustainability Standards Board (ISSB) IFRS S2: Climate disclosures recommendations.



Notice of annual general meeting (AGM)
The notice of **AGM** provides supporting information for shareholders to participate in the AGM.

Form of proxy

Redefine is committed to reporting transparently to our broad range of stakeholders. Our reporting suite is available on our website www.redefine.co.za

Our reporting suite applies and complies with the following frameworks



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Our theme

OPTING for the UPSIDE

We live in extraordinary times. At Redefine, we know that what got us *here* won't get us *there*. Rather, it is how we embrace and respond to the megatrends reshaping our world that will ensure we remain relevant – both now and into the future.

Building a future-ready business begins with the belief that the decisions we make today create a better tomorrow. This hope drives us. It guides our decisions and defines our actions. We know the world continues to evolve at an unprecedented pace and believe that it can be better for all.

Our theme this year is **opting for the upside**. Our reporting suite is designed to showcase how, through the relentless execution of our strategy, we are actively **opting for the upside**. We are moving beyond just future-proofing our business to creating a future-ready business that actively seeks out and embraces real opportunities in our context, creating a legacy that will ensure we continue to serve our stakeholders for years to come.



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Feedback
 Your feedback is important to us. We welcome your input to enhance the quality of our reporting.
 Please visit www.redefine.co.za or email investorenquiries@redefine.co.za


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1

Introduction

About our report

Introduction



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ABOUT OUR REPORT

This report sets out Redefine's overarching approach to climate risk management. Although the parameters are determined in accordance with IFRS S2 Climate-related Disclosures (IFRS S2), the report is not fully aligned with IFRS S2. EPP's CRR is published separately and in accordance with applicable European Sustainability Reporting Standards (ESRS), European Union Taxonomy (EU Taxonomy) and associated regulations. This report covers four themes:

 Governance Page 7	 Strategy Page 11	 Risk management Page 26	 Metrics and targets Page 29
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Governance

Our executive committee is responsible for reviewing and approving climate risks and opportunities and integrating them into the company strategy, risk management approach, and asset management approach.

Our board of directors (board), supported by its committees, is responsible for approving and overseeing our climate risk and opportunity management processes and integrating these into the enterprise-wide risk management (EWRM) framework. Climate targets are integrated into management incentives where appropriate.

Strategy

Our climate risk time horizons are short (2025), medium (2035) and long term (2050). We integrate physical risk and water and energy-related risks, which are considered the most material, into our climate risk approach, and we set out these risks per geographical location in the short, medium and long term.

IFRS S2 requires the disclosure of how climate-related risks and opportunities affect our financial position, financial performance and cash flow. This report sets out the strategic qualitative impacts of each risk on our operating costs, revenue generation, capital expenditures and allocation, acquisitions or divestments, and access to capital.

We identified opportunities for the business in the transition to a low-carbon economy. We commissioned an independent climate scenario analysis during FY23 to better understand the resilience of our company strategy and business model to climate change.

Risk management

We indicate the high-level risk management approach for physical and transition risks at each critical stage of the asset life cycle – acquisition, development, management, disposal and recovery. We use climate scenario analyses to inform our identification of climate-related opportunities and our overall risk management process.

Metrics and targets

Our carbon reporting boundary is in line with the international Greenhouse Gas (GHG) Protocol and includes Scope 1, 2 and 3 emissions. This year we broadened the ambit of our Scope 3 emissions by reporting on category 15: investments and category 3: fuel and energy-related activities (not included in Scope 1 or 2). We set short-, medium- and long-term decarbonisation targets in accordance with the Science Based Targets initiative (SBTi) methodology as at April 2022. We are considering formally validating our targets with the SBTi.

Our approach to building resilience against climate risks

We aim to improve our portfolio's climate resilience and align our climate-related risk management processes with our company strategy. To achieve this, we design and manage buildings with long-term climate risks in mind, explore opportunities to improve climate change resilience in our existing buildings, and include climate considerations in due diligence processes for potential acquisitions. Our goal is to fully understand how and where our business and assets are vulnerable, and how we can implement mitigation actions to improve the resilience of our assets. We also encourage the development of local and international real estate building codes and standards to meet the demand for climate-resilient building design.

We believe that investing in a sound climate change resilience strategy will ensure that our capital allocation decisions are safeguarded from the effects of climate change and create long-term value for our stakeholders. Green building practices form part of this strategy as they are a key milestone in the journey to net zero. Our ESG strategic framework sets high-level goals for incorporating ESG into the company's investment processes, day-to-day operations, and stakeholder relationships. During FY23, the social, ethics and transformation committee (SET) approved Redefine's net zero transition pathway for carbon, water, waste and ecology. The pathway details our plans and targets to reduce and manage our impact on the environment during the life cycle of our assets. We also commissioned a climate scenario analysis to understand the resilience of our assets to climate change in South Africa and Poland. Over the course of FY24, we will use the findings of this analysis to improve the resilience of our business strategy.

During FY23, our Polish subsidiary, EPP formally submitted their science-based targets (SBTs) for validation with the SBTi. We are currently preparing to commit and validate our group-level targets during FY24. We are the first REIT in South Africa to obtain Net Zero Carbon Level 2: Building and Occupant Emissions (Measured) certifications from the Green Building Council South Africa (GBCSA) for three office buildings in Gauteng. The outcomes of the certifications have allowed us to map out net zero principles on a portfolio-wide basis and to identify areas of improvement in how we manage our assets through our net zero transition pathway.



Blue Route Mall, Western Cape, South Africa

For more information on our net zero journey, see [page 45](#) of the 2023 [ESG](#) report.

INTRODUCTION

As a business, we are continuously confronted with rapid shifts in market dynamics, evolving tenant preferences, rising cost pressures and, more frequently, climate change. Since the publication of our first **CRR** in December 2022, we have made significant progress in assessing and understanding our current climate risk exposure. This has been influenced by the energy and water crises, our impact on the environment and *vice versa*, as well as the resilience of our business model to these climate risks.

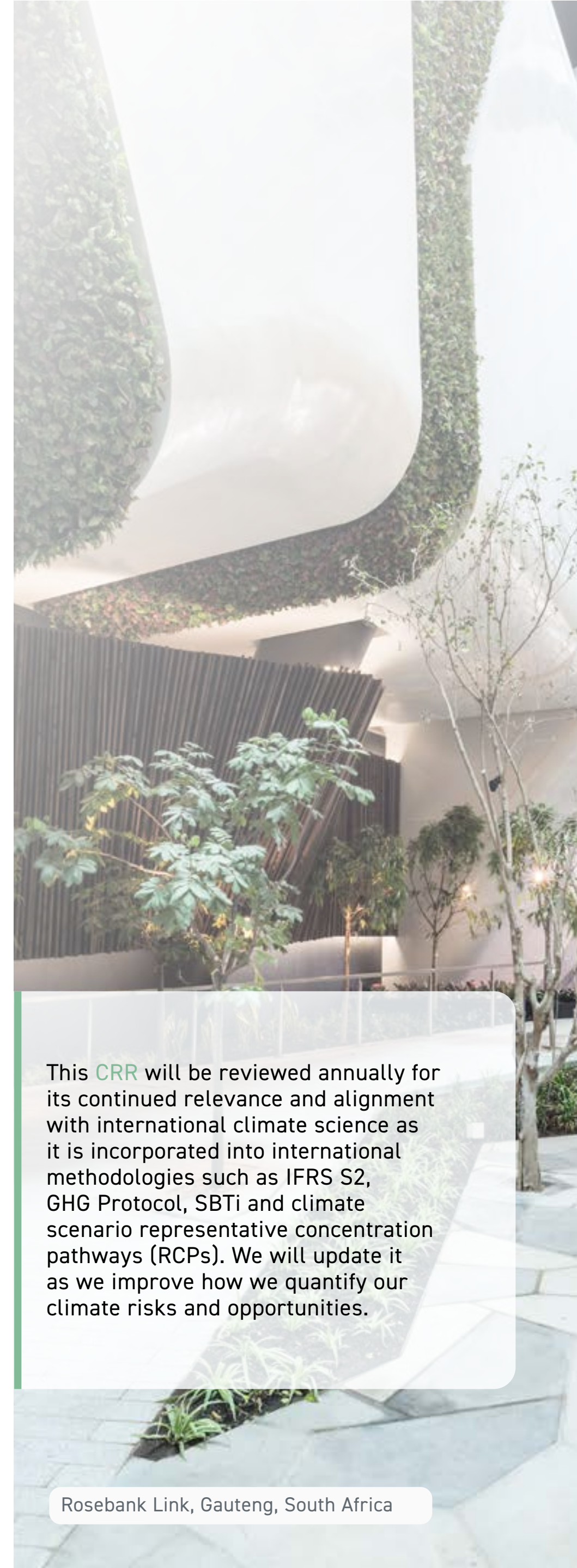
In FY22, we explicitly acknowledged that our business activities negatively contribute to climate change, based on our formalised climate risk identification process, and during FY23, we took further steps to consider our future operating environment and how quickly we can transition to net zero. We are conscious of the need to ensure that our portfolio is aligned with best practice frameworks to reduce impacts from and on climate change. We are aligning our environmental disclosures with the principles set out in IFRS S1 and S2. The detailed quantification of our climate risks and opportunities remains under investigation, which is made difficult due to the measurement uncertainty in some of the assumptions required to do so. However, we aim to develop and adopt an appropriate quantification methodology in future.

To ensure our climate risk approach is robust, we broadened our carbon footprint boundary and our climate risk analysis to include all our investments in South Africa, irrespective of operational control. At year end, 92% of our South African portfolio (standing investments) was under our operational control – 8% of our assets (standing investments) in South Africa are managed externally. EPP manages a portfolio of 35 assets (29 retail properties and six office complexes). We included these assets in our net zero transition pathway, and implementation will begin progressively during FY24/25.

We assessed and reported to the investment committee (IC) on our ESG building scoring matrix for the second year. This internal scoring framework enables us to measure the ESG features and performance of proposed acquisitions under our operational control in line with our ESG strategy and best practice regarding responsible investment. The medium-term goal is to increase our ESG building scoring matrix coverage to include externally managed assets.

Using the ESG building scoring matrix, we assessed the climate resilience of each asset and our readiness to transition to net zero energy, water and waste. Although our overall portfolio does not have a significant impact on biodiversity, the matrix also includes ecology-related considerations. Our approach to biodiversity focuses on integrating biophilic design in our developments and pursuing responsible landscaping within and around our buildings, as opposed to pursuing a net zero standard or standalone certifications at scale. Our Green Star certification criteria include biodiversity management, which remains an operational focus area.

From a development perspective, environmental impact assessments (EIAs) are conducted as prescribed by the competent authority on greenfield areas. All refurbishments will incorporate environmentally friendly building materials and reuse materials where possible. We aim to adopt an embodied carbon calculator for all our development projects by the end of FY25.



This **CRR** will be reviewed annually for its continued relevance and alignment with international climate science as it is incorporated into international methodologies such as IFRS S2, GHG Protocol, SBTi and climate scenario representative concentration pathways (RCPs). We will update it as we improve how we quantify our climate risks and opportunities.

Rosebank Link, Gauteng, South Africa

Committees

SET Social, ethics and transformation committee

IC Investment committee

Introduction

Looking forward

Going forward, we will review and update our internal policies to reflect the outcomes and recommendations of the climate scenario analysis. We will implement the recommendations of this analysis in our day-to-day business practices and take steps to incorporate the methodology on risk quantification once developed.

With our net zero transition pathway approved by the SET, we will develop an internal methodology to ensure we measure our progress in decarbonising our assets and meet our SBTs. We will continue to stay up to date with the latest international decarbonisation guidelines, such as the Transition Plan Taskforce and future reporting frameworks, which may become relevant to our business. In addition, we will carefully consider the just transition and the current and future impact of our efforts on stakeholders, such as the communities surrounding our buildings. Through our internal assessments (carbon footprint and ESG building scoring matrix), we will continue identifying assets eligible for net zero certification with the GBCSA.

Scope and parameters

We will review and update our internal policies to reflect the outcomes and recommendations of the climate scenario analysis. We will implement the recommendations of this analysis into our day-to-day business practices and take steps to incorporate the methodology on risk quantification once developed.

SCOPE AND PARAMETERS

Our annual carbon footprint assessment report is our focal point when calculating our per-asset operational carbon emissions. In light of the above, the principles set out in this framework focus on the following parameters:

- 1 Operational carbon risks and opportunities
- 2 Transitional and physical climate risks and opportunities
- 3 All investments, including land, as a risk assessment focus area
- 4 Assessment of energy, water, waste and biodiversity

Although we do not have a significant portfolio-wide negative biodiversity impact, we assessed all our assets as at year end, using the World Wide Fund for Nature (WWF) biodiversity risk filter.



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Governance

Board oversight of climate-related risks and opportunities

Using best practice guidance in managing climate-related risks and opportunities

Board and board committee roles and responsibilities

Management's role in assessing and managing climate-related risks and opportunities

Incentives to manage climate-related risks and opportunities



Board oversight of climate-related risks and opportunities

The board's oversight of climate-related risks and opportunities is vital to ensure sustainable business practices and mitigate climate risks. We ensure that the relevant board members have continuous access to knowledge and insights into emerging climate risks and opportunities to enable them to exercise their oversight functions effectively.

The board ensures that climate considerations are integrated into Redefine's overall strategy and that the business addresses climate-related issues effectively. The board approves the company's values, strategy, strategic objectives, and key performance indicators (KPIs) to prioritise climate-related risks and opportunities. The SET presents the board members with the ESG strategic framework, as amended from time to time, and the CRR. The board members approve measurable, business-related targets as part of the company strategy to fulfil the objectives of both frameworks.

The CRR is supported by corresponding, detailed component policy frameworks at group level that contain detailed targets and inter- and intradepartmental policies that enable the implementation of each element in this report.

With the support of various committees, the board oversees and monitors management's implementation and execution of the policies and procedures that were developed to give effect to the ESG strategic framework and this climate risk framework. During FY23, we conducted our second review of the ESG building scoring matrix for the South African portfolio within our operational control. We applied this to our standing investments as at 31 August 2023.

Using best practice guidance in managing climate-related risks and opportunities

This CRR is informed by the 2023 Climate Scenario Planning Analysis Report, Nationally Determined Contributions (NDCs), SBTi, 2023 World Resources Institute (WRI) Aqueduct, WWF biodiversity filter and the 2021 Munich Re Climate Risk Assessment, which will be updated in FY24.

The chief sustainability officer (CSO) annually reviews the content of this report to ensure that the business is aligned with the requirements of IFRS S2. The head of risk and compliance, in collaboration with the chief legal officer (CLO) and CSO, is responsible for determining climate-related risks and opportunities that are present or may arise in the short, medium and long term that may impact the EWRM framework and recommending their incorporation into the framework accordingly. The board reviews the EWRM framework annually to guide the company's performance objectives.

Board and board committee roles and responsibilities

The CRR is presented to the executive committee by the CSO and, once approved, is tabled to the SET for final approval. It is the responsibility of the SET to oversee the allocation of action plans and KPIs to monitor progress against goals and targets to address climate-related issues. The risk, compliance and technology committee (RCT) considers climate-related risks within the context of the overarching EWRM programme.

Annually, the SET examines the executive committee's progress against the ESG key performance areas (KPIs) applicable to the business. The remuneration committee (REM) applies its progress report to KPI measurement (where relevant) for the executive committee's annual performance review from a remuneration perspective.

During the annual budgeting period, the SET, RCT, REM, IC and audit committee (AC) oversee the allocation of capital within the business towards fulfilling the objectives and targets of the company's climate-related KPIs.

Committees

- AC Audit committee
- Board
- IC Investment committee
- NOM Nomination and governance committee
- RCT Risk, compliance and technology committee
- REM Remuneration committee
- SET Social, ethics and transformation committee

INDIVIDUALS ON THE BOARD WITH RESPONSIBILITIES FOR CLIMATE-RELATED ISSUES	
POSITION	RESPONSIBILITY
Independent non-executive directors	An independent non-executive director chairs the SET. The independent non-executive director has expertise in people management, remuneration and awards, corporate social investment (CSI) and transformation, health and safety, stakeholder management and engagement, technology and cybersecurity, innovation, risks and opportunities and corporate governance.
Chief executive officer (CEO)	Because the CEO bears overall responsibility for executing the company's strategy, he is an invitee to the RCT and a member of the SET. Both committees are appointed by the board and have the highest level of direct responsibility for climate change management within the company. Redefine's CSO is a standing invitee to the SET. The CSO supports the CEO in driving the implementation and improvement of the response to climate change and the implementation of the CRR.
Chief financial officer (CFO)	The CFO is a member of the RCT and an invitee to the SET. The CFO evaluates climate-related risks and opportunities and the efforts undertaken to manage the risks and maximise the opportunities.
Chief operating officer (COO)	The COO is an invitee to the RCT and a member of the SET. The COO oversees all matters tabled to the SET. The COO oversees business activities that may contribute to climate-related risks and opportunities.

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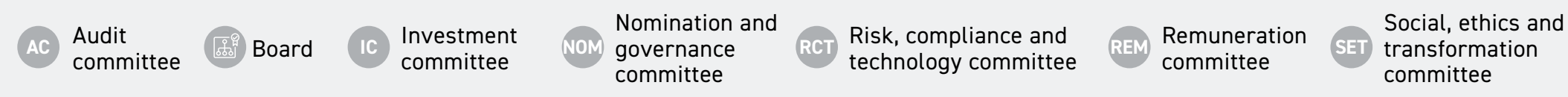


ROLES AND RESPONSIBILITIES OF THE BOARD AND ITS COMMITTEES IN ADDRESSING CLIMATE-RELATED RISKS	
FUNCTION	RESPONSIBILITY
	<ul style="list-style-type: none"> Oversees incorporation of the climate risk and opportunity framework in the company's strategy Notes and oversees disclosure of the progress made in terms of climate-related targets
	<ul style="list-style-type: none"> Oversees and approves the EWRM framework, which includes environmental risks within the top 15 strategic risks as well as climate risks as an emerging risk
	<ul style="list-style-type: none"> Notes results of the assurance of GHG emissions and IFRS S1 and S2 reporting (from the) as part of combined assurance monitoring Notes the credit and balance sheet risks that may arise due to climate change-related risk
	<ul style="list-style-type: none"> Reviews KPIs for executive management that are related to climate-related remuneration targets
	<ul style="list-style-type: none"> Monitors overall governance and strategy regarding achievement of climate-related or resource-efficiency targets and metrics Reviews assurance of GHG emissions and IFRS S1 and S2 reporting and notifies the of the results
	<ul style="list-style-type: none"> Applies the climate risk management framework to capital expenditure and investment decisions, including acquisitions and disposals Determines capital allocation for climate change-related matters
	<ul style="list-style-type: none"> Incorporates climate change matters into the continuous professional development framework and continuously monitors the board's requirements in this regard

Management's role in assessing and managing climate-related risks and opportunities

Executive directors assign climate-related risk and opportunity-related KPIs to relevant management committee members. The KPIs are linked to the company's remuneration strategy to measure individual performance against Redefine's strategic priorities, which include assessing and managing climate risks and opportunities.

Committees



The and ensure that progress on the KPIs is tabled to the board for annual review.

THE EXECUTIVE COMMITTEE'S RESPONSIBILITY AND FREQUENCY OF REPORTING CLIMATE-RELATED ISSUES TO THE BOARD		
Position	Responsibility	Frequency of reporting to the board on climate-related issues
CEO	Executes the outcomes of climate-related risk and opportunity assessment management	Annually reports to the , and on the progress made on Redefine's climate-related strategy and objectives
CFO	Evaluates the capital expenditure and returns for projects aimed at climate-related risk and opportunity management	<ul style="list-style-type: none"> Reports to the , and on the capital allocation strategy regarding climate-related risks and opportunities Reports to the regarding the emerging compliance-related climate risks and opportunities
COO	Oversees climate-related risk and opportunity assessment and management at an asset level	Reports to the , and on the day-to-day business activities that contribute to climate-related risks and actions taken by the business to mitigate those risks
CSO	Assesses and manages climate-related risks and opportunities at a group level	Annually reports to the on emerging climate risks that may become material over the short, medium and long term, and identifies the opportunities available to address the risks
CLO	Assesses the impact of legislation, litigation and legal agreements on the group climate risk and opportunity profile	Quarterly reports to the regarding the emerging compliance-related climate risks and opportunities

The executive committee's role is to collectively oversee and approve the CRR, including risk mitigation plans to integrate the CRR into the company's EWRM framework and strategy for submission to the and . The executive and management committees' roles in managing climate risks are summarised in Annexure B.

Relevant management committee members report their progress to the executive committee during meetings and the annual board-level performance review, where Redefine's senior management team is measured on, among other things, progress made against the goals and targets for addressing climate-related issues. During FY23, we took steps to prioritise and enhance management's oversight of climate-related risks and opportunities to enable the effective cascading of climate-related targets.

The management and executive committees collectively ensure that they respond to the impact of climate change on human capital trends by ensuring that employees are reskilled for a low-carbon economy. Climate-related skills training for employees included green building training for all staff (in partnership with the GBCSA), facilities management training on environmental sustainability and heating, ventilation and air-conditioning (HVAC) management, and participating in programmes run by the United Nations Global Compact (UNGC) such as the Climate Ambition Accelerator and UN SDG Innovation Accelerator for Young Professionals.

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GOVERNANCE continued

Incentives to manage climate-related risks and opportunities

Redefine's remuneration framework includes incentives to manage sustainability-related matters through management KPIs. We reward achievement of the KPIs in our allocation of annual short-term incentives (STIs) and long-term incentives (LTIs), based on company and individual performance measured against a predetermined set of goals. The STI and LTI awards are governed by the company's remuneration strategy and policy.

The FY22 and FY23 STI and LTI awards and allocations contained targets that combined Scope 1 and 2 emissions reductions. Due to the overwhelming frequency and intensity of loadshedding during FY23 compared to FY22, we ran diesel generators more frequently as a business continuity measure, which left us with no chance of reducing our Scope 1 emissions. The REM therefore approved the removal of the Scope 1 emission component from the emissions reduction target in the non-financial conditions (from a remuneration perspective).

Refer to the metrics and targets section on [pages 29 to 32](#) for more details.

INCENTIVES PROVIDED TO MANAGEMENT FOR CLIMATE-RELATED ISSUES, INCLUDING THE ATTAINMENT OF TARGETS			
Entitled to incentive	Type of incentive	Activity incentive	Description
CEO/EXECUTIVE MANAGEMENT/SENIOR MANAGEMENT	Monetary reward	Emissions and water reduction target	<p>The FY24 STI balanced scorecard KPI for the COO includes sustainable building certifications, including the number of buildings under Redefine's operational control built as or converted to either net zero operational carbon, water or waste, based on landlord emissions. The other climate-related KPI in the COO balanced scorecard is to achieve a 5% reduction in Scope 3 GHG emissions from an FY19 baseline for the South African portfolio.</p> <p>The non-financial performance conditions within the FY24 STI for executive and senior management include:</p> <ul style="list-style-type: none"> ▶ 2.28% per annum water withdrawal reduction target (ML) for the South African portfolio on a like-for-like basis ▶ 3MWp increase in installed renewable energy per annum on a like-for-like basis for the South African portfolio ▶ 4% reduction in Scope 1 and 2 GHG emissions from an FY22 baseline per annum for EPP on a like-for-like basis ▶ 5% reduction per annum of Scope 2 GHG emissions for the South African portfolio on a like-for-like basis <p>The FY24 LTI award includes a 21% reduction in Scope 1 GHG emissions and a 21% reduction in Scope 2 GHG emissions on a like-for-like basis, both from an FY19 baseline for the South African portfolio. A 12.6% cumulative reduction of Scope 1 and 2 GHG emissions in EPP must be achieved from an FY23 baseline; this KPI only applies to the executive directors.</p>
SPECIFIED EMPLOYEES	Monetary reward	Emissions and water reduction target	<p>Redefine's CSO is responsible for developing the ESG strategy and linking it to the UN SDGs, which include climate-related goals and targets. Achievements in the role are linked to performance ratings, which impact remuneration through bonuses.</p>
PROPERTY MANAGEMENT	Monetary reward	Emissions, waste and water reduction target	<p>Within the property management team, the facilities team is primarily tasked with implementing water, waste and energy-efficiency initiatives. The national asset management team is also responsible for setting efficiency strategies and targets in the portfolio. These targets are linked to STI and LTI KPIs, particularly their non-financial components as described in the section above.</p>

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3

Strategy

The climate-related risks and opportunities identified over the short, medium and long term

Property risks: South African portfolio

Climate-related opportunities

The impact of climate-related risks on Redefine's business, strategy and financial planning

Our overall business strategy's resilience to climate-related risks and opportunities

STRATEGY

The climate-related risks and opportunities identified over the short, medium and long term

As a business, it is crucial that we think about what our future operating environment will look like and how quickly key transitions to a low-carbon economy might take place. Our business encounters various pressing issues in the short term, the most critical being the supply and affordability of energy and water. However, solutions in the medium and long term can be found that may increase the resilience of our assets across all time horizons. This will avoid exacerbating long-term climate risks, which become even more expensive or difficult to manage the longer interventions are delayed.

We commissioned an independent third party to conduct a group-wide climate scenario analysis that considers the Intergovernmental Panel on Climate Change (IPCC) pathways to inform our decision-making processes for portfolios in South Africa and Poland. Climate scenarios are not forecasts but plausible projections of potential future operating environments, offering crucial insights that enable businesses to account for change in an unpredictable world. The physical and transition impacts of three climate scenarios relating to different temperature increases by 2100 have been analysed below:

- ▶ 1.5°C warming: Aligned with the goals of the 2015 Paris Agreement
- ▶ 2°C warming: A more realistic target as the current global trends and delay in introducing policies are likely to outpace the 1.5°C goal
- ▶ 4°C warming: Worst-case scenario associated with an increased level of emissions

The identified material physical risks and transition risks facing the South African portfolio are summarised in this report. The findings related to the Polish portfolio will be disclosed separately in due course under their CRR in compliance with the EU Taxonomy. Social risks may occur as a result of any identified physical and transition risks, including health and safety implications and changes to the stakeholder engagement approach.

Our climate scenario planning for climate-related risks and opportunities are explored in the following time frames:



Based on the information that is currently available, the approximate average age of buildings per sector in the South African portfolio under our operational control is as follows:

Retail	Office	Industrial
31 years	27 years	27 years

We will continue to apply good building management practices to our assets to increase their lifespan. These techniques will include, but are not limited to, increasing the number and improving the levels of Green Star certifications, applying net zero building management practices to optimise efficiency and the lifespan of building management systems, and measuring the ongoing performance of our buildings through tools such as energy performance certificate (EPC) ratings and other certifications.

Our climate scenario planning analysis identified six material risks that we will prioritise in our climate mitigation strategy going forward:

- ▶ Drought and water shortages
- ▶ Carbon
- ▶ Energy
- ▶ Insurance
- ▶ Market and reputation
- ▶ Engagement

Physical, transition and social risks are interdependent. Some risks are material on a regional level (drought and water shortages and market and reputation), whereas some risks are material on a national level (carbon, energy, insurance and engagement). Additional risks have also been identified as material in certain locations, particularly flooding, wildfire and heat stress. However, for this report, we limited the detailed overview of risks to the six material risks listed above as they require portfolio-wide strategies for implementation.

A risk is defined as having a substantive financial impact if its occurrence would have a significant impact on our financial position, financial performance and cash flow over the short, medium and long term. The executive committee conducts an annual review of all identified climate risks (including emerging risks). After risk identification, a rating table is developed, which determines each risk's impact, inherent risks stemming from punitive climate-related regulations, and the likelihood of occurrence.

We also identify corresponding opportunities, which include where in the value chain the opportunities occur, the type of opportunities, and the potential financial impact thereof. This also sets out the time horizon of each opportunity and the likelihood and magnitude of its impact.

The tables in annexure C indicate the identified climate-related risks in each time frame. Our physical risks were assessed using the WRI Aqueduct conducted in FY23 (for water-related risks) and Munich Re's 2021 climate report, which will be updated during FY24.

Annexure C also includes an assessment of our transition risks as they interrelate with the physical risks. For the first time, we included biodiversity assessment results, performed using the WWF biodiversity filter. Physical risks from waste are excluded and will be considered in due course.

From FY20 to FY23, our acquisition, disposal and development activity that may result in variances in the per-sector analyses below, particularly for the Munich Re climate report, which will be updated in FY24.

Property risks: South African portfolio

Through our climate scenario planning analysis, we identified prevailing risks (physical and transitional) that apply to South Africa for the respective global warming climate scenarios. The assessed physical risks trend includes food security, public health, extreme temperatures, drought, flooding, coastal disruption, ecosystem disruption, precipitation and sea level rise. The transition climate trends include capital divestment away from contributors to climate change, strong public and private sector investment requirements, policy interventions, and carbon pricing. Annexure D sets out these trends in more detail for South Africa.

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STRATEGY continued

Property risks: South African portfolio continued

Physical risks

WRI WATER RISKS PER PROPERTY

The assessment set out in annexure C is informed by the FY23 WRI analysis¹. We assessed 266 assets on their baseline water stress, riverine flood risk, coastal flood risk, and drought risk. Risks are considered material when they are medium to high, high, or extremely high per the WRI analysis. Once we adopt a risk quantification methodology aligned with the requirements of IFRS S2, we will allocate a financial impact to these risks in the short, medium and long term and identify their impacts within the value chain. Risks are considered immaterial when either low or low to medium – financial impacts are excluded from these risks.

The risks set out in annexure C have been assessed per region and sector, i.e. retail, office and industrial. The following guidelines will be applied in determining the financial impact of these risks:

[R1]	Baseline water stress The financial assessment will consider the cost of water tanks, water-efficient installations, low-flush toilets, and water harvesting projects.
[R2]	Riverine flood risk The financial assessment will consider the potential cost of construction to restore flood damage in the properties with a high impact, e.g. damaged walls and improving storm water management systems, the cost of removing damaged trees, the supply of potable water, portable toilets, and a generic study on the extent of damage and remedial actions required.
[R3]	Coastal flood risk 100% of the sectors, i.e. retail, commercial and industrial, have a low rating for coastal flood risk; therefore, no financial impact will be assigned to the risk (using the abovementioned criteria).
[R4]	Drought risk The financial assessment will consider the cost of water conservation initiatives, such as low-flush toilets, water harvesting, and greywater treatment solutions.

MUNICH RE CLIMATE RISK ASSESSMENT

In 2021, we obtained a portfolio assessment of climate data provided by Munich Re across our asset base as it stood at the time. This has since been adjusted to remove assets that were disposed of after the assessment date.

The tables in annexure C represent exposure results for hail, tornado, soil shaking and lightning. This includes results to physical climate risks per RCP. We will conduct an update of this assessment in FY24, considering the assets that are active at the time.

To determine risk severity, we applied a capital allocation to risks falling in the medium, medium to high, and high categories:



[R5]	Fire weather stress The financial assessment will consider the cost of water tanks and installations such as fire extinguishers, fire hose reels, fire hydrants, fire detection systems, air ducts and sprinkler systems.
[R6]	Flooding The financial assessment will consider the potential cost of construction to restore an asset damaged by flooding, e.g. structural restoration and improving storm water management systems, the cost of removing damaged trees, the supply of potable water, portable toilets, and a generic study on the extent of damage and remedial actions required.
[R7]	Storm The financial assessment will consider the potential cost of construction to restore an asset that has suffered storm damage, e.g. damaged walls and improving storm water management systems, the cost of removing damaged trees, the supply of potable water, portable toilets, and a generic study on the extent of damage and remedial actions required.
[R8]	Drought The financial assessment will consider the cost of water tanks and water-efficient installations, such as low-flush toilets, water-harvesting systems and smart shut-off valves.

Medium- to long-term physical risks are split between medium- (2035) and long-term (2050) risk, based on the RCPs. RCPs represent projected GHG emissions. RCP 1.9 is aligned with a 1.5°C of warming scenario, RCP 2.6 is aligned with 2°C warming, and RCP 8.5 is aligned with a 4°C warming potential.

WWF biodiversity risk filter

The assessment set out in annexure E is informed by the FY23 WWF biodiversity filter. We assessed 266 assets for pressures on biodiversity. The categories of pressures on biodiversity are land, freshwater and sea use changes, tree cover loss, invasives (flora and fauna) and pollution. Risks are considered material when they are high or very high.

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STRATEGY continued

Property risks: South African portfolio continued

The risk score classification is as follows:

- $1.0 \leq x \leq 1.8$ Very low risk
- $3.4 < x \leq 4.2$ High risk
- $1.8 < x \leq 2.6$ Low risk
- $4.2 < x \leq 5.0$ Very high risk
- $2.6 < x \leq 3.4$ Medium risk

Climate-related opportunities

We assessed potential opportunities to mitigate our climate risks and will review and quantify further climate-related opportunities as we mature in our climate risk reporting. Each opportunity has a number allocated to it, which correlates to the corresponding targets aimed at taking advantage of the opportunities in the metrics and targets section.

A high climate opportunity indicates significant prospects for positive environmental, economic and societal benefits resulting from addressing climate change. Thus the classification of climate opportunities as high versus medium depends on the factors below:

- 1 **Market potential:** High climate opportunities often come with substantial market potential. They may involve emerging industries and technologies that can lead to job creation, economic growth and innovation. Examples may include renewable energy, electric vehicles and energy-efficient technologies.

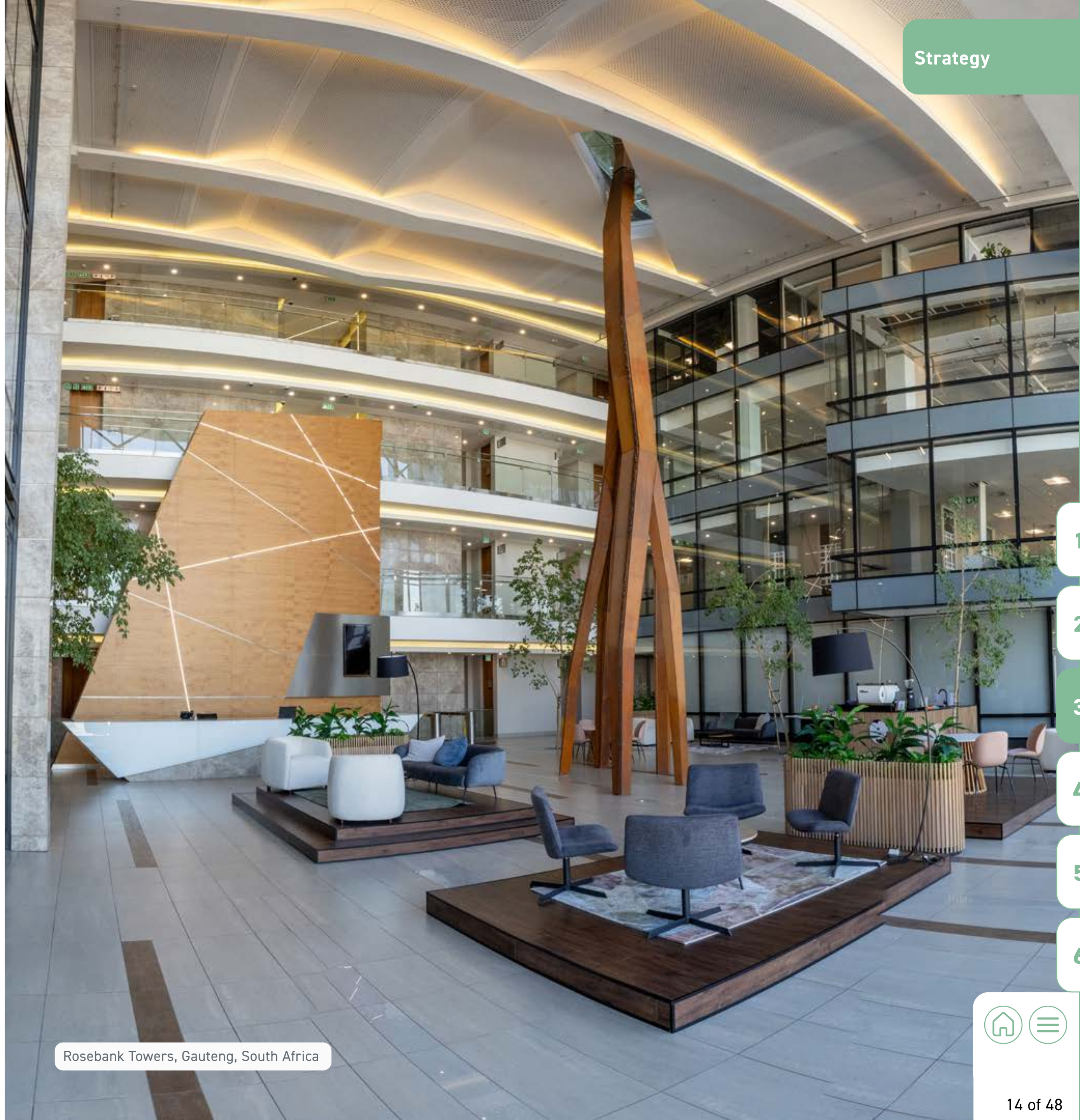
- 2 **Environmental benefits:** High climate opportunities are associated with substantial environmental benefits, such as reduced GHG emissions, cleaner air and water, and protected ecosystems. These opportunities may contribute significantly to mitigating climate change and preserving biodiversity.

- 3 **Societal and health benefits:** Opportunities categorised as high provide societal benefits such as improved public health, increased energy access, and enhanced resilience to climate-related risks. These benefits can have far-reaching and positive impacts on communities.

- 4 **Innovation and investment:** High climate opportunities often attract substantial investments and innovation, driving progress in sustainable and low-carbon technologies. This can lead to job creation and new markets and business models.

- 5 **Policy support:** Favourable policies and regulations can lead to climate opportunities being classified as high. When governments and institutions support and incentivise climate-friendly initiatives, it enhances the potential for success.

- 6 **Scalability:** Opportunities deemed high are typically scalable and can be implemented on a large scale, affecting multiple sectors and regions.



Rosebank Towers, Gauteng, South Africa

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OPPORTUNITIES	INFLUENCE	TIME FRAME
<p>Focus area</p>	<p>Operations In this context, operations refer to the systems and processes required to operate our assets to maintain business continuity.</p>	<p>Magnitude Short term: High Medium term: High Long term: Medium to high</p>
<p>Net zero carbon [01]</p>	<p>With five South African cities committed to global initiatives, such as the C40 Cities initiative, and South Africa being a signatory of the Paris Agreement, net zero carbon certifications allow us to demonstrate our position as a responsible and sustainable corporate leader. This opportunity will be primarily realised through energy efficiency projects, renewable energy installations, and procurement and renewable energy storage solutions. They also de-risk our exposure to Eskom and local municipalities (whose power supply is coal-based and unreliable) and offer our tenants significantly reduced operating costs. In addition, we anticipate that the valuations of net zero assets will improve over time. They also provide us with an opportunity to access sustainable funding facilities, which lowers our cost of capital. Having committed to the C40 Cities initiative, in their latest 2023/2024 tariff tables, eThekweni Municipality offers financial incentives in the form of rebates for net zero certified new developments. This further presents an opportunity for us to reduce the operational costs of our buildings through this certification.</p> <p>EPCs influence our net zero carbon journey, as they can be a guide to drive the reduction of our energy consumption from the grid to reduce our carbon footprint, which is a key component of our net zero journey. Our ability to reach net zero will, to a large extent, rely on local municipalities allowing private entities to wheel renewable energy between sites. Our confirmed wheeling pilot project entails the construction of a 5.7MWp solar photovoltaic (PV) plant on the Massmart Brackengate DC roof.</p>	<p></p>
<p>Green Star [02]</p>	<p>To date, we have obtained 186 Green Star certifications. Consistently pursuing green building certifications and maintaining and improving the Green Star ratings of our assets is a building block for resilience against climate risk. To catalyse the demand and uptake for green buildings in the eThekweni Municipal area, the municipality offers financial incentives in the form of rebates for Green Star rated new developments (from 4 to 6 Stars). Similar to net zero projects, this presents a unique opportunity for us to reduce our operational costs, especially in the context of the negative impact of loadshedding on our business.</p> <p>The disclosure framework of a Green Star tool includes energy, water, emissions, land use and ecology, which complements our climate risk management strategy. The elements dealing with health and wellbeing, such as indoor air quality, also help manage the corresponding risks to tenant health identified in the climate scenarios set out in annexure C.</p>	<p></p>
<p>Rainwater harvesting projects [03]</p>	<p>Considering South Africa's water scarcity and drought risk, these projects enable us to conserve water by reusing and recycling grey water and storm water throughout our buildings and carefully ensuring there is sufficient provision for groundwater recharge. This water can be used for cleaning, irrigation and flushing toilets. This conserves water and saves our capital spend on water consumption.</p> <p>This green initiative allows us to demonstrate to the public, tenants and investors that we are invested in achieving net zero water status over time. With more of these stakeholders being interested in sustainability products, we also increase our ability to access funds to develop similar projects.</p>	<p></p>
<p>Water efficiency projects [04]</p>	<p>Managing and addressing the water consumption and borehole abstraction levels of our assets in a water-scarce country are critical to achieving net zero water in the portfolio in the long term. This also mitigates our risk exposure to municipal water supplies, which are severely constrained. We actively prioritised water-efficient installations, such as low-flush toilets and aerator taps, in FY23.</p> <p>We anticipate a shift in tenant behaviour as more tenants increasingly show an interest in occupying water-efficient spaces to save operating costs. Our in-house net zero water transition pathway will guide our business in terms of our response to, for example, water restrictions, ailing infrastructure, and chronic weather changes such as droughts. Our net zero water pathway provides a set of initiatives for each asset to implement where feasible to reduce the limitations of water availability.</p>	<p></p>
<p>Waste management [05]</p>	<p>Over the years, landfilling has resulted in air pollution, land degradation, and surface and groundwater pollution in urban areas. Considering the looming crises of limited landfill space left and landfills filling up faster than new sites can be created, it is crucial that we prioritise reducing waste to landfill to decrease our Scope 3 carbon emissions.</p> <p>From FY22 to FY23, we implemented a waste service provider rationalisation project to improve our waste management practices. Since inception, we improved the recycling rates across 90 buildings under our operational control. Please refer to our FY23 ESG report for more details.</p>	<p></p>
<p>Sustainable finance [06]</p>	<p>Redefine's sustainable finance framework will allow us to access new sources of funding, in particular from lenders with green finance mandates, at a lower cost of capital than would be applied for vanilla bonds or loans. In addition, issuing use-of-proceeds-related green bonds will allow us to fund eligible projects to capitalise on the climate-related opportunities above, for example, solar PV expansion and water efficiency projects.</p>	<p></p>

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TRANSITION RISK PER SECTOR AND REGION

Annexure C sets out our South African transition risks in detail as per our climate scenario analysis. We assess the following trends in each category of risk:

[R9]	<p>Policy and legal Carbon</p> <ul style="list-style-type: none"> ▶ Carbon Tax Act, No 15 of 2019 and Climate Change Bill <p>Energy</p> <ul style="list-style-type: none"> ▶ National Energy Act, No 34 of 2008 regulations: Mandatory display and submission of EPCs for buildings 2020 ▶ Integrated resource plan 2019 <p>Insurance</p> <ul style="list-style-type: none"> ▶ Industry trends in South Africa
[R10]	<p>Policy and legal Water restrictions and punitive tariffs</p> <ul style="list-style-type: none"> ▶ Regional water policy and drought resilience
[R11]	<p>Stakeholder engagement</p> <ul style="list-style-type: none"> ▶ Employees, tenants, investors, funders, shoppers, communities, government, and the supply chain
[R12]	<p>Reputation and market Stakeholder concerns</p> <ul style="list-style-type: none"> ▶ Microeconomic and macroeconomic outlook ▶ ESG market and reputation risk profile

The impact of climate-related risks on Redefine's business, strategy and financial planning

Climate-related risks and opportunities affect Redefine's business, strategy and financial planning as set out below. The magnitude of impact is influenced by factors such as the consequence and likelihood of the risks as outlined in the risk management section on [page 24](#).

Climate risk classifications communicate the urgency and potential consequences of climate change and inform risk-based decision-making and internal policy development. The classification of climate risk as high depends on the factors below:

- 1 **Severity:** Indicates that the potential impacts of climate change, such as extreme weather events, sea level rise, and temperature increases are expected to become more severe. These impacts can significantly affect ecosystems, economies, and human health and wellbeing.
- 2 **Likelihood:** Implies a higher probability of the severe impacts occurring. This assessment is often based on scientific models and data that predict the likelihood of various climate scenarios.
- 3 **Vulnerability:** The vulnerability of a region, ecosystem or community to climate impacts can affect the classification of risk. If an area is particularly vulnerable, even a medium-level climate risk could be deemed high for that specific context.
- 4 **Adaptation and mitigation measures:** The level of preparedness and action taken to address climate change can influence risk classification. If strong measures are in place to reduce GHG emissions and adapt to changing market conditions, the risk may be lowered from high to medium.






Panattoni Park Bydgoszcz III, Bydgoszcz, Poland

CLIMATE-RELATED IMPACT ON STRATEGY

Focus area	Products and services In this context, our products refer to our assets, and our services refer to our landlord services.	Magnitude Short term: High Medium term: High Long term: Medium to high
Description of influence	Strategic impact	Time frame
<p>Flood-related damage to infrastructure Although there were no flooding incidents reported at our properties in FY23, this does not necessarily result in a lower risk profile. We recognise that flooding events are not only caused by extreme weather events but also exacerbated by poor drainage or storm water management systems in some parts of the country and the provinces in which we conduct our business.</p> <p>In the past, we have seen how flooding affects municipal water supply to our buildings, damages road infrastructure (which limits physical access to our buildings), and prompts multiple building repairs on damaged roofs. We anticipate that the severity of the impact is likely to worsen where assets and infrastructure are located in flood-prone areas.</p>	<ul style="list-style-type: none"> ▶ Operating costs: Cost of securing water and diesel-generated electricity when there is a disruption to water or power supply for prolonged periods due to the flood damage to infrastructure ▶ Capital expenditures and capital allocation: <ul style="list-style-type: none"> ▪ Costs required to repair physical damage to buildings ▪ The insurability of buildings, including an increase in insurance premiums for the buildings, may be at risk in the long term ▪ The disruption to operations because of damage to assets and infrastructure may negatively impact tenant retention ▶ Acquisitions or divestments: Future acquisitions of assets in flood-prone areas will be considered carefully, particularly if the asset is exposed to coastal flood risk, riverine flood risk, or located on a 100-year flood plain ▶ Access to capital: Funding may be affected if valuations of buildings are negatively affected, thus increasing our group-level loan-to-value ratio 	
<p>Drought risk The South African Weather Service's standardised precipitation index maps indicate areas where prolonged drought exists. This is areas where below-normal rainfall occurs over one year or longer.</p> <p>According to the monthly 2022 to 2023 reports, severely dry conditions are noticeable in the northern parts of Northern Cape, Limpopo and the north-eastern parts of Mpumalanga. Dry conditions are also apparent over Gauteng and in small south-western parts of the Western Cape and Northern Cape.</p> <p>Several of the abovementioned provinces have experienced drought events. Drought events are triggered not only by nature but can also, potentially, result from ageing water infrastructure and poor maintenance. Therefore, we consider this risk as high.</p>	<ul style="list-style-type: none"> ▶ Operating costs: <ul style="list-style-type: none"> ▪ This includes the costs of securing alternative water supplies where dam levels are low due to prolonged periods without rainfall, installing rainwater and/or groundwater harvesting facilities and water tanks (where feasible), and purchasing and maintaining water tankers ▪ We will account for the cost of water-efficient fixtures and equipment such as aerator taps, low-flush toilets and xeriscaping ▶ Capital expenditures and capital allocation: <ul style="list-style-type: none"> ▪ Costs required to truck in water to ensure the business continuity of Redefine and our tenants ▪ The disruption to tenant operations as a result of the drought and associated business interruptions that may impact tenant retention ▶ Acquisitions or divestments: The strategic approach towards acquiring assets in drought-prone areas will be considered carefully as South Africa is a water-scarce country ▶ Access to capital: Accessing funding from investors may become increasingly difficult due to the climate-related risk exposure of the assets in question affecting the company's credit rating 	

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CLIMATE-RELATED IMPACT ON STRATEGY continued

Description of influence	Strategic impact	Time frame
<p>Extreme weather events Changing or unpredictable weather patterns increase our buildings' vulnerability to extreme weather events. Because these events may result in damage to our assets and the surrounding infrastructure, this could affect the value of our buildings, particularly as most of our assets are in Gauteng. In turn, the damage to infrastructure may be compounded by repeat extreme weather events (e.g. a series of severe thunderstorms or fire weather events) and the inability of the local municipality to respond or restore services timeously.</p>	<ul style="list-style-type: none"> ▶ Operating costs: This depends on the nature of the extreme weather event, e.g. the costs of alleviating the risks of flooding from heavy rainfall by upgrading the storm water management system of an asset ▶ Capital expenditures and capital allocation: Costs of upgrading the storm water management systems of assets prone to flooding due to the limited natural and man-made drainage systems on or around the assets ▶ Acquisitions or divestments: Careful consideration will be taken when acquiring properties that are vulnerable to unpredictable or extreme weather patterns ▶ Access to capital: Accessing funding from investors may become increasingly difficult due to the climate-related risk exposure of the assets in question affecting the credit rating of the company 	
<p>EPCs We have 129 EPC certifications in our commercial portfolio, which are required to be renewed every five years – making 2027 our first year of review. EPC levels are adjusted annually by the South African National Standards (SANS). For example, a D-list building in 2022 may become an E-list building in 2027 under the adjusted SANS standards if we do not optimise energy efficiency. Another potential risk is that EPC levels may become mandatory if the department of mineral resources and energy submits, and parliament thereafter passes, related legislation.</p>	<ul style="list-style-type: none"> ▶ Operating costs: <ul style="list-style-type: none"> ▪ Cost of ensuring that the assets eligible for EPCs are energy efficient when benchmarked against market standards or upgraded with energy-efficient installations ▪ Current or future assets that are required to comply with EPC regulations but are non-compliant could carry financial penalties for the business ▶ Capital expenditures and capital allocation: The cost of certifying the remaining eligible properties by 7 December 2025 and energy-efficient interventions (e.g. LED projects and the purchase of energy-efficient or passive ventilation systems and solar battery storage facilities) to improve ratings ▶ Acquisitions or divestments: Decisions to make acquisitions in future will consider whether assets require EPCs and, if so, whether they comply with the EPC regulations ▶ Access to capital: Funding may not be materially affected due to non-compliance with EPC regulations; however, this may indicate to funders that we are not adequately managing our climate risks 	
<p>C40 Cities regulations Five South African cities, namely Tshwane, Ekurhuleni, Durban, Cape Town and Johannesburg, committed to the global C40 Cities initiative, which is aimed at ensuring that new and existing buildings achieve net zero operational carbon status by 2030 and 2050, respectively.</p> <p>Failure by the company to comply with the anticipated regulations of the cities in this regard will cause reputational harm, negatively affect our ability to secure funding or attract tenants and investors, and may lead to potential penalties from municipalities, such as refusal to issue occupier certificates. Compliance with regulations will allow the company to take advantage of potential incentives at a municipal level. This allows us to prepare our business to adapt to changing regulations in other C40 Cities that will likely follow a similar approach to implementing decarbonisation-related regulations.</p>	<ul style="list-style-type: none"> ▶ Operating costs: The costs of managing operational building management systems as efficiently as possible to adhere to C40 regulations per city ▶ Capital expenditures and capital allocation: The cost of capital expenditure-intensive projects that will help achieve and maintain net zero status, including low-carbon products to be integrated into new developments that may increase development spend and retrofitting existing assets with low-carbon equipment and technologies, e.g. passive ventilation systems, LED lighting, etc. ▶ Acquisitions or divestments: Future acquisitions will consider assets that adhere to C40 regulations once finalised ▶ Access to capital: Funding may be affected if Redefine is unable to demonstrate to the market that the assets located in the C40 cities are being prioritised for net zero initiatives, exposing them to regulatory risk and an inability to operate 	

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CLIMATE-RELATED IMPACT ON STRATEGY continued

Description of influence	Strategic impact	Time frame
<p>Increase in electricity tariffs Redefine purchases bulk energy from utility providers, such as municipalities and Eskom. Annual municipal tariff increases are based on Eskom increases and approval by the National Energy Regulator of South Africa. Increasing utility costs impact our operating costs and the cost of electricity sold to tenants. Our reliance on Eskom and local municipalities also puts us at risk of frequent increases in electricity tariffs, and reluctance from local municipalities to issue licences for installing renewable energy affects our ability to supply our tenants with electricity at reasonable prices. As the tariffs increase, the affordability of occupying our properties may affect tenant retention.</p>	<ul style="list-style-type: none"> ▶ Operating costs: Increased electricity costs due to tariff hikes by Eskom and municipalities increase our overall operating costs and, consequently, the cost of electricity sold to tenants, which puts tenant retention and longevity at risk ▶ Capital expenditures and capital allocation: The cost of installing energy-efficient technologies to mitigate the effect of rising electricity tariffs ▶ Acquisitions or divestments: Medium – the cost of divesting an energy-inefficient asset due to an unsustainable increase in energy costs and, by extension, operating costs, which may be impacted by a potential inability to wheel renewable energy to assets due to municipal restrictions and limited grid infrastructure capacity ▶ Access to capital: Redefine’s ability to raise debt may not be directly affected, but increasing vacancies may impact the valuation of our buildings, which may affect our loan-to-value ratio 	
<p>Increase in water tariffs Redefine purchases bulk water from utility service providers, such as municipalities. Annual municipality tariff increases are influenced by lower water levels in dams and increased operational costs, such as electricity and chemicals, as well as failing municipal management and service delivery. Increasing utility costs impact our operating costs and those of our tenants.</p>	<ul style="list-style-type: none"> ▶ Operating costs: The cost of Redefine’s water consumption due to increasing water tariff costs ▶ Capital expenditures and capital allocation: The cost of ensuring all assets can access the municipal water supply (e.g. by repairing damaged or deteriorating infrastructure) or alternative water supply or storage facilities ▶ Acquisitions or divestments: Decisions to make future acquisitions will consider assets that have a low impact on consumption from constrained municipal water supplies ▶ Access to capital: Funding may be affected if Redefine is unable to demonstrate to the market that it can mitigate its risk exposure to the constrained and unreliable municipal water supply 	
<p>Water-related risks Floods and drought have a direct and indirect impact upstream and downstream in the value chain.</p> <p>During FY22, the damage to road infrastructure caused by floods in regions such as KwaZulu-Natal affected interprovincial travel and halted the supply of goods and services countrywide. Drought and damage to water infrastructure in areas such as Gqeberha affected the communities that surround our asset there and may impact our ability to provide water to our tenants in that asset.</p>	<ul style="list-style-type: none"> ▶ Operating costs: The cost of repairing or contributing to the repair of damage to infrastructure as a result of flooding and the cost of securing alternative water and power supply to our key stakeholders, e.g. communities, tenants and suppliers ▶ Capital expenditures and capital allocation: <ul style="list-style-type: none"> ▪ The insurability of buildings, including an increase in insurance premiums for the buildings, may be at risk in the long term ▪ Disruption to communities and the resultant impact on service delivery due to the damage to assets and infrastructure may create more desperate socioeconomic conditions that could lead to civil unrest ▶ Acquisitions or divestments: Decisions to make future acquisitions of assets in flood or drought-prone areas will be carefully considered 	

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CLIMATE-RELATED IMPACT ON STRATEGY continued

Focus area	Supply chain and/or value chain	Magnitude
	In this context, our supply chain refers to Redefine's relationship with utility service providers, such as municipalities, and our value chain refers to our ability to provide these services to our tenants.	Short term: High Medium term: High Long term: Medium to high
Description of influence	Strategic impact	Time frame
Grid infrastructure Deteriorating grid infrastructure and our reliance on the national grid (with frequently constrained capacity) jeopardise our ability to maintain business continuity. Therefore, we increased our focus on enhancing energy efficiency throughout our business.	<ul style="list-style-type: none"> ▶ Operating costs: <ul style="list-style-type: none"> ▪ Costs associated with Redefine's consumption of increasingly expensive diesel and grid-supplied energy ▪ Tenant retention may be jeopardised if Redefine cannot provide alternative energy sources during interruptions to grid-supplied energy ▶ Capital expenditures and capital allocation: Costs associated with investing in energy-efficient installations at our assets, including LED lighting, energy-efficient air conditioning, etc. ▶ Acquisitions or divestments: Decisions to make future acquisitions will consider whether the assets are energy efficient ▶ Access to capital: Funding may be affected if Redefine is unable to demonstrate to the market that it can manage the operational risk to its assets through its efforts to prioritise energy-efficient interventions 	
Focus area	Investment in research and development	Magnitude
	Research and development are directed towards innovating low-carbon products or services, including introducing new technologies and improving our assets.	Short term: High Medium term: High Long term: Medium to high
Description of influence	Strategic impact	Time frame
Renewable technologies Redefine has investigated various opportunities related to advancements in renewable energy, such as battery storage for solar energy. However, the scale of investment is negligible compared to our investment in green buildings and rooftop solar PV installations. Redefine anticipates the impact of the risks to materialise in the long term as technology advances and its cost decreases, compared to the increase in diesel costs.	<ul style="list-style-type: none"> ▶ Operating costs: Costs associated with maintaining installed rooftop solar PV and obtaining Green Star (re)certifications ▶ Capital expenditures and capital allocation: Costs associated with solar PV installations as well as integrating low-carbon technologies that will improve Green Star (re)certifications (e.g. indoor air-quality sensors) ▶ Acquisitions or divestments: Decisions to make future acquisitions will carefully consider whether the assets have a renewable energy footprint and whether they incorporate low-carbon technologies ▶ Access to capital: Our ability to secure sustainable finance may be affected if we have an insufficient number of eligible Green Star rated buildings to fund future green or sustainability bonds or assets do not include low-carbon technologies to merit green funding 	

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CLIMATE-RELATED IMPACT ON STRATEGY continued

Focus area	Operations In this context, operations refer to the systems and processes required to operate our assets to maintain business continuity.	Magnitude Short term: High Medium term: High Long term: Medium to high
Description of influence	Strategic impact	Time frame
<p>Green buildings</p> <p>Climate change risks and opportunities have led to our strategic commitment to grow the number of new and existing certified green buildings in the portfolio. This includes certifications such as net zero, Excellence in Design for Greater Efficiencies (EDGE), Building Research Establishment Environmental Assessment Method (BREEAM) and other suitable criteria.</p>	<ul style="list-style-type: none"> ▶ Operating costs: Costs associated with obtaining green (re)certifications ▶ Capital expenditures and capital allocation: Costs associated with low-carbon technologies required to obtain, maintain and improve Green Star (re)certifications ▶ Acquisitions or divestments: Decisions to make future acquisitions will carefully consider whether assets have a suitable green certification ▶ Access to capital: Our ability to secure sustainable finance facilities will be affected if our underlying assets are not certified to a suitable standard or level 	
<p>Water management</p> <p>Water disruption through water shedding has affected most parts of Gauteng, where most of our assets are located. One of the issues affecting water supply is loadshedding, which results in the inability of water to be pumped to consumers. This and numerous other factors place pressure on us to manage and conserve our water resources by:</p> <ul style="list-style-type: none"> ▶ Securing alternative sources of potable water through water tankers, sometimes at short notice, to ensure our tenants can continue trading ▶ Implementing rainwater and groundwater harvesting and reticulation systems to reduce our reliance on municipal water sources ▶ Implementing greywater treatment and reuse systems to reduce our municipal water consumption ▶ Installing water-efficient equipment, such as aerator taps and water-efficient ablutions, in landlord-controlled areas ▶ Managing HVAC systems that consume large volumes of water during off-peak hours <p>To further reduce our overall risk exposure at an asset level, we engage with tenants to encourage them to implement water-efficient technologies and practices within their areas, particularly in properties covered by triple net leases without landlord-controlled areas.</p>	<ul style="list-style-type: none"> ▶ Operating costs: Costs of operating HVAC systems, securing alternative sources of potable water, and operating a rainwater harvesting system ▶ Capital expenditures and capital allocation: Costs associated with investing in efficient HVAC systems, water-efficient installations such as low-flush toilets, and rainwater harvesting and reticulation systems ▶ Acquisitions or divestments: Decisions to make future acquisitions will consider whether the assets are water efficient and can transition to net zero water ▶ Access to capital: Our ability to identify and install water-efficient technologies may influence how we secure sustainable finance facilities 	

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CLIMATE-RELATED IMPACT ON STRATEGY continued

Description of influence	Strategic impact	Time frame
<p>Grid infrastructure Deteriorating grid infrastructure and relying on the national grid (with frequently constrained capacity) jeopardise our ability to maintain business continuity. To respond to this, we use diesel generators for standby energy supplies. Running diesel generators for extended periods is costly and presents a negative health impact.</p>	<ul style="list-style-type: none"> ▶ Operating costs: Costs associated with Redefine's consumption of increasingly expensive diesel and grid-supplied energy. Tenant retention may also be jeopardised if Redefine cannot provide alternative energy sources during interruptions to grid-supplied electricity ▶ Capital expenditures and capital allocation: Costs associated with investing in energy-efficient installations at our assets, including LED, energy-efficient air conditioning, etc. ▶ Acquisitions or divestments: Decisions to make future acquisitions will consider whether the assets are energy efficient ▶ Access to capital: Funding may be affected if Redefine is unable to demonstrate to the market that it can manage the operational risk to its assets through its efforts to prioritise energy-efficient interventions 	
<p>Waste infrastructure South Africa produces a significant amount of waste, most of which is solid waste, and with the looming landfill capacity crisis, it is crucial that we reduce our waste-to-landfill footprint. We prioritise waste recycling, and through our green lease agreement, we are prioritising collaboration with our tenants to divert more waste from landfill and to use environmentally friendly products.</p>	<ul style="list-style-type: none"> ▶ Operating costs: <ul style="list-style-type: none"> ▪ Costs associated with contracting internal waste management service providers at our assets ▪ Should municipal landfills reach their end of life, the municipalities in which we operate may be unable to provide waste management services, jeopardising our tenant operations and the attractiveness of our assets; however, this provides us an opportunity to integrate tenants into our building-level waste management plans, improving the efficiency of our operations ▶ Capital expenditures and capital allocation: Costs associated with commissioning waste management service providers at our assets and costs associated with research into and the development of alternative ways of reducing our waste to landfill (e.g. through biogas initiatives in decommissioned landfills) ▶ Acquisitions or divestments: Decisions to make future acquisitions will consider the commissioning of an internal waste service provider that can ensure that we divert waste from local landfills ▶ Access to capital: Funding may not be affected by a failure to manage our waste footprint, but it may indicate to funders that we are not adequately managing our climate risks 	
<p>Solar PV installations Over the years, we have focused on rooftop solar PV installation at eligible properties to reduce our reliance on the deteriorating grid infrastructure. This presents a significant opportunity for the business, as it reduces our carbon emissions, generates an additional source of revenue (we sell electricity to tenants at municipal tariff rates), and we can potentially share the savings from the solar PV with tenants as a retention mechanism (managed through green leases). However, we face the risk of being limited by the available roof space in the portfolio. Energy wheeling between properties remains a challenge due to municipal by-laws.</p>	<ul style="list-style-type: none"> ▶ Operating costs: Costs associated with maintaining rooftop solar PV installations and, in the long term, disposing of solar PV panels that have reached their end of life ▶ Capital expenditures and capital allocation: Costs associated with purchasing and installing the solar PV capacity of our assets ▶ Acquisitions or divestments: Decisions to make future acquisitions will consider assets that have renewable energy installations or at least available roof space for future installations and/or expansions ▶ Access to capital: Solar PV funding opportunities can be secured through green or sustainability bonds or loans 	

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STRATEGY continued

We plan and manage projects on an asset level during our budgeting cycles, namely yielding projects and non-yielding projects. Yielding projects include low-flush toilet installations (predominately in retail), lighting projects, and solar PV installations or expansions. These projects lead to increased profitability and cost saving for our business as there is a return on investment on our capital expenditure. Non-yielding projects are those that result in significant environmental savings and operational cost savings for our tenants. These projects include our green building certification programme, where there is currently no clear return on our capital expenditure.

The budgets for various projects are determined annually. The capital expenditure for long-term refurbishments or new developments tend to be yield-driven, considering sustainability and climate initiatives. As our climate resilience is further embedded within the business, our budgeting strategy will evolve.

Our overall business strategy's resilience to climate-related risks and opportunities

We determine our overall resilience to climate change by assessing how it impacts each step of our business model as set out on [page 13](#) of the FY23 IR.

Our inputs

Operating in a capital-constrained and costly environment requires responsible financial and liquidity management. We prioritise sustainability and climate considerations and integration into our inputs by conducting an assessment of climate-related risks that could affect our business. These may include extreme weather events, changing precipitation patterns, sea level rise, and the cost and availability of water and electricity. The outcome of this risk assessment enables us to manage our capital spend in the business. We ensure that we have access to experienced and trained human capital in the business to enable a smooth transition to a low-carbon economy.

Our investment in infrastructure upgrades, technology and employee training allows us to implement the adaptation strategies outlined in this report and in our internal policies. Our engagements with stakeholders – internal (employees and management) and external (tenants, suppliers and local communities) – to gather insights, share information, and build a network of support drives the continuous improvement of our business model and solidifies our resilience to climate change.

Our business activities

Our business activities consider the life cycle of our assets through development, acquisition, management and disposal. We are committed to ensuring that sustainability and climate change are considered at the core of our property life cycle. We conduct vulnerability assessments to evaluate our vulnerabilities to the identified climate risks.

This allows us to determine how exposed our business and assets are to the effects of climate change and the potential consequences and impacts. The outcomes enable us to effectively plan our budgeting cycles to enhance the resilience of our assets. We stress-test our resilience by developing scenarios that explore potential climate scenarios and their implications.

This helps us understand various risk levels in the short, medium and long term. Throughout our life cycle we innovate low-carbon technology solutions for our business, and we remain abreast of climate-related regulations to ensure compliance. We assess and strengthen the resilience of our supply chain to effectively implement climate mitigation measures. This involves diversifying our suppliers and ensuring that our suppliers are also resilient to minimise climate-related disruptions.

Our outputs

With a target for all new buildings to achieve net zero operational carbon by FY30 and all of our existing buildings to transition to net zero operational carbon by FY50, it is important that we ensure that our properties are of exceptional quality.

By following the net zero hierarchy set out on [page 32](#) of the FY23 ESG report, we ensure that we exhaust all sustainability initiatives at a building level to bring value to our assets and stakeholders. Implementing our net zero transition pathway and the climate scenario analysis enhances our resilience.

Our outcomes

Through scenario analysis, we ensure that our business response and recovery plans are effective in changing market conditions. Communication and reporting on our climate resilience efforts and our progress to stakeholders through transparent reporting drive our competitive edge.

This results in synergy with our internal and external stakeholders. To strengthen our resilience, we periodically review and update the resilience plan to incorporate new information, technologies and best practices as and when they become available.

We will ensure our alignment with international best practice frameworks and continue to embed the findings of the climate scenario analysis into our business activities.



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4

Risk management

Our process to identify, assess and manage climate-related risks

Risk assessment process



Golf Air Park II, Western Cape, South Africa

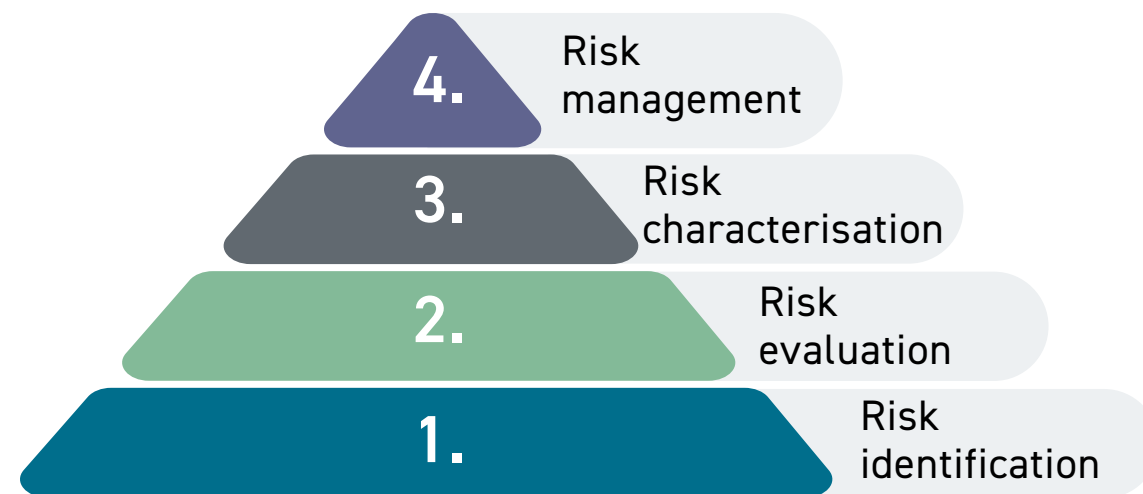
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RISK MANAGEMENT

Our process to identify, assess and manage climate-related risks

Our risk assessment process takes a bottom-up approach in four phases as depicted below.

Risk assessment process



Our risk assessment process has incorporated the findings from the climate scenario analysis.

Hierarchy of risk management strategies

We developed a hierarchy of risk management strategies for the identified six material risks (drought and water shortages, carbon, energy, insurance, market and reputation, and engagement). The hierarchy considers the complex market in South Africa and the challenges we face in decarbonising our assets. The three distinct strategies are as follows:

- ▶ **Plan A:** Best case scenario. The risk management approach relies on the market supporting the development of a climate-resilient transition. This is largely influenced by transitioning the national grid to low-carbon sources, increased investment into energy and water municipal infrastructure, and introducing policies and regulations to encourage the implementation of low-carbon solutions at an asset level.
- ▶ **Plan B:** Strategy if national systems fail to adapt. While these measures might not offer the best opportunity for climate resilience, they are critical for increasing asset resilience as much as possible until national systems are in place to allow a full transition.
- ▶ **Plan C:** Last case scenario. This scenario will only be considered when plans A and B are not currently feasible. This scenario recommends a change to the acquisition and divestment strategy related to the risk exposure or management of climate risk in a specific location.

Assessing, prioritising and monitoring the risks and opportunities involve several key steps:

IDENTIFY RISKS AND OPPORTUNITIES

We begin by identifying potential climate-related risks and opportunities relevant to our business. These may include physical risks (e.g. extreme weather events), transition risks (e.g. regulatory changes), and opportunities (e.g. new markets for sustainable products).

MATERIALITY ASSESSMENT

We determine the materiality of these risks and opportunities, considering their potential impact on our financial position, financial performance, and cash flow over the short, medium and long term. We prioritise those that have the most significant impact on these factors.

DATA COLLECTION

We collect relevant data that influence the risks and opportunities. This may be carbon emission data, market trends, regulatory developments, etc.

SCENARIO ANALYSIS

We perform scenario analysis to assess how different climate scenarios (i.e. 1.5°C, 2°C and 4°C global warming) could affect the resilience of our business. This helps us understand the potential future impacts of climate change on our operations and supply chain. Our analysis will be conducted by an independent third party every five years.

STAKEHOLDER ENGAGEMENT

We engage with internal and external stakeholders to gather insights and perspectives on climate-related risks and opportunities. This incorporates our climate lobbying efforts through industry organisations.

RISK MITIGATION AND OPPORTUNITY PURSUIT

We develop strategies to mitigate risks and seize opportunities. This may involve setting emissions reduction targets, diversifying investments, and adapting to changing market conditions, e.g. tenants who prioritise green buildings.

INTEGRATION

We integrate climate-related risk and opportunity assessments into our overall risk management and strategic planning processes.

MONITORING AND REPORTING

We continuously monitor the progress and impact of our climate-related initiatives and regularly report on our actions and progress, ensuring transparency and accountability.

AUDIT AND ASSURANCE

We consider external audit and assurance processes to validate the accuracy and completeness of our climate disclosures.

CONTINUOUS IMPROVEMENT

We use the feedback and insights gained from reporting and monitoring to continuously improve our management of climate risks and opportunities.

RISK MANAGEMENT continued

Our process to identify, assess and manage climate-related risks continued

Climate scenario analysis

The results of the climate scenario analysis of our South African portfolio are set out below.

SCENARIO (SOUTH AFRICA)	STRATEGIC RESPONSE	KEY INTERNAL STAKEHOLDERS
DROUGHT AND WATER SCARCITY		
PLAN A	Conduct asset-level vulnerability assessments to determine the overall risk and necessary water conservation measures for each asset to implement. We will introduce additional water-saving measures in high-risk assets and new acquisitions, such as low-flow tap aerators, smart water meters, controlled irrigation, rainwater harvesting and permeable paving.	Asset, property and facilities management, respectively
PLAN B	Enquire with the municipal water supply regulators on the legality and regulations concerning private borehole extraction and implement where possible. We will not implement where there are restrictions to avoid increasing pressure on the municipal utilities and their capability to maintain water services.	Legal, risk and compliance, respectively
PLAN C	Dispose of assets in areas with high tariffs and low investment and acquire future assets in areas with low water tariffs and high investment in water infrastructure such as Gauteng, Free State and North West.	Acquisitions and disposals
CARBON		
PLAN A	Prioritise implementing the energy, water, waste and ecology initiatives from our net zero transition pathway. This will require improving energy efficiency as much as possible, then supplying any remaining energy use with renewable energy sources. Using on-site generation is preferable to relying on the grid to decarbonise.	Asset, property and facilities management, respectively
PLAN C	Where on-site renewable generation is not possible, we will focus the decarbonisation strategy on energy-efficiency measures, green tariff procurement, and offsetting residual emissions.	Asset, property and facilities management and the ESG team
ENERGY		
PLAN A	Continue to invest in improved energy efficiency, generate on-site renewable energy, and, where feasible, install electric generators to provide standby power in the event of power cuts from physical climate events. We will install smart energy meters and procure renewable energy where on-site renewable energy does not supply all the remaining energy use. We will also ensure that all eligible assets are EPC compliant.	Asset, property and facilities management, respectively
PLAN B	This involves target-improved energy efficiency, delayed electrification until the national grid decarbonises to avoid putting additional pressure on the grid, and a focus on acquisitions in provinces where wheeling is allowed, such as in Cape Town, Western Cape.	Asset, property and facilities management, respectively, and acquisitions and disposals

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RISK MANAGEMENT continued

Our process to identify, assess and manage climate-related risks continued

Climate scenario analysis continued

SCENARIO (SOUTH AFRICA)	STRATEGIC RESPONSE	KEY INTERNAL STAKEHOLDERS
INSURANCE		
PLAN A	Invest in technologies to minimise the expected losses and to reduce insurance premiums. Such technologies include asset-level flood defences, geospatial flood mapping models and data for asset acquisition planning purposes, elevating HVAC systems, conducting due diligence concerning asset fire safety (including the introduction of new technologies such as battery storage), and ensuring high levels of energy efficiency.	Asset, property and facilities management, respectively
PLAN B	<ul style="list-style-type: none"> ▶ Consider disposing of existing non-core assets in high-risk areas that cannot be adapted to low overall risk ▶ Acquire assets in high-lying areas to minimise our exposure to physical risk 	Acquisitions and disposals
REPUTATION AND MARKET		
PLAN A	<ul style="list-style-type: none"> ▶ Continue to acquire assets with high and stable investment return and growth trends, such as industrial in South Africa, targeting properties in areas with high demand-pull diversified economic agglomerations ▶ Focus on low-risk areas that optimise the trade-off between short-term economic return and long-term climate change resilience ▶ Consider disposing of non-core assets in very high climate risk areas ▶ Prioritise stakeholder engagement and collaboration in climate risk management at the asset and investment portfolio levels ▶ As far as possible, ensure compliance with the South African Green Finance Taxonomy 	Acquisitions and disposals as well as legal, risk and compliance, respectively
STAKEHOLDER ENGAGEMENT		
PLAN A	<p>To ensure corporate climate resilience and a sustainable future for Redefine:</p> <ul style="list-style-type: none"> ▶ Collaborate with tenants to ensure sustainable resource utilisation ▶ Advise and engage investors on the value of climate resilience ▶ Support the local community in building climate resilience ▶ Advocate for resilience and sound policy implementation by the public sector ▶ Monitor supply chains 	Marketing and stakeholder affairs, human resources, and the ESG team, respectively
PLAN B	Adopt a stakeholder-oriented approach to climate risk mitigation and adaptation, accounting for how those risks may affect the people and organisations that depend on Redefine, whether directly or indirectly.	Marketing and stakeholder affairs

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RISK MANAGEMENT continued

INTEGRATION INTO OVERALL EWRM FRAMEWORK

The EWRM framework is the overarching framework that tracks our business-wide risks. We maintain that it will take time for us to integrate this risk management approach into the EWRM framework due to:

- ▶ The complexities of this report and the IFRS S2 requirement to incorporate the financial impact of the identified risks and opportunities
- ▶ The risk horizons of the EWRM and **CRR** not being fully aligned

During FY23, we commenced laying the groundwork to sync both frameworks. However, the measurement uncertainty caused by loadshedding and the future of the energy market in South Africa make the long-term impact of these climate-related risks on the EWRM framework difficult to identify or quantify. We do not foresee when the energy supply challenges will be resolved. Measurement uncertainty means any judgements or assumptions would not reasonably guide providers of capital at this stage. Refer to [page 28](#) or our **IR** for more information on our EWRM framework.

The following section indicates the general parameters of our risk-based decision-making at each stage of the asset life cycle. The application of these parameters relies on the climate risk profile of each asset, as indicated in annexure C of this report.

RISK-BASED DECISION-MAKING

ACQUISITIONS

Type of risk	Mitigate	Transfer*	Accept	Control
Acquisition of a building located in a floodplain/ waterway or wetland	✓			✓
Acquisition of a property on unstable bedrock, i.e. dolomite rock				✓
Acquisition of a building in a water-stressed area	✓	✓		✓

DEVELOPMENTS

Type of risk	Mitigate	Transfer*	Accept	Control
Failure to conduct an EIA**	✓			✓
Availability of grid-supplied energy	✓	✓		✓
Inability to obtain water use licences			✓	✓
Inability to obtain licences for wheeling purposes			✓	

MANAGEMENT

Type of risk	Mitigate	Transfer*	Accept	Control
Managing new or amendments to building regulations	✓			✓
Cost to transition to low-carbon technology	✓			
Changing customer behaviour towards our products and services	✓			✓
Increased cost of raw material and utility services	✓	✓		

DISPOSALS

Type of risk	Mitigate	Transfer*	Accept	Control
Disposing of a high-performing building that is efficient and Green Star or net zero certified	✓			✓
Disposing of a building that has experienced a significant decrease in its valuation		✓		

RECOVERY

Type of risk	Mitigate	Transfer*	Accept	Control
Changing tenant behaviour that can force the company to refurbish a building in a different sector			✓	
Building refurbishments to address acute and chronic risks			✓	

* Leasing provisions where the tenant takes responsibility for any environmental liability in respect of the premises, triple net leases, externally managed properties, and joint ventures

** An EIA is a process to identify and assess the potential environmental impacts of a project in its different phases (construction, operation and decommissioning). An EIA applies to projects with potentially significant adverse impacts on the environment and informs the development consent process

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5

Metrics and targets

Metrics and targets used to assess and manage climate-related risks and opportunities



The Boulevard Office Park, Cape Town, South Africa

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METRICS AND TARGETS

Metrics and targets used to assess and manage climate-related risks and opportunities

We use metrics to measure our progress on material climate issues. These metrics align with international standards, such as the IFRS S2 industry disclosures. In FY22, we did not meet our year-on-year emission reduction target of 5% on Scope 1 and 2 emissions intensity measured in tCO₂e/m². This was due to various factors, such as the adverse effects of intensified loadshedding leading to an increased use of diesel generators as a business continuity measure.

Acquisitions and disposals affect our annual carbon footprint. Our carbon footprint for FY23 includes the calculation of additional Scope 3 emission sources from:

- ▶ **Category 15:** Investments
- ▶ **Category 3:** Electricity transmission and distribution
- ▶ **Category 3:** Well-to-tank fuels

Historical GHG emissions

Our GHG emissions from FY17 to FY23 are summarised below. More information can be found on [page 33](#) of the FY23 [ESG](#) report.

UNPACKING OUR CARBON FOOTPRINT				
	Scope 1	Scope 2	Scope 3	Total carbon footprint (tCO ₂ e)
	Direct emissions (tCO ₂ e)	Indirect emissions (tCO ₂ e)	Indirect emissions (tCO ₂ e)	
FY23	20 937	28 146	491 869	540 952
FY22	4 458	33 261	484 224	566 354
FY21	3 265	34 300	528 790	581 283
FY20	3 684	29 543	548 056	713 258
FY19	3 668	31 494	678 096	713 258
FY18	3 596	46 459	609 756	659 811
FY17	2 921	46 761	724 539	774 221

Forward-looking targets

We internally assessed and developed a preliminary set of SBTs to form the basis of Redefine's decarbonisation strategy. We considered all South African assets under our operational control and based the targets on reduced Scope 1, 2 and 3 GHG emissions. We followed the International GHG Protocol when calculating all emissions, obtained an external calculation of these emissions, and are reviewing our SBTs for a formal group target validation process by the SBTi. There is still uncertainty around the inconsistent energy supply from Eskom and when it will be resolved. That, coupled with the excessive use of diesel generators in response to the effects of intensified loadshedding in FY23, means that, in our view, we cannot become formal signatories of the SBTi, which will require us to make a public commitment to reduce Scope 1 emissions regardless of these circumstances.

OPERATIONAL BOUNDARIES*		
Scope 1	Scope 2	Scope 3
Stationary combustion	Redefine electricity	Tenants' electricity
Fugitive emissions		Business travel
Mobile combustion		Employee commute
		Water
		Waste
		Electricity transmission and distribution
		Well-to-tank fuels
		Investments



* Operational control boundaries during FY23



Outlet Park, Szczecin, Poland

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Metrics and targets used to assess and manage climate-related risks and opportunities continued

To set targets, we established a baseline year from which to calculate the decarbonisation pathway. We used our FY19 Scope 1, 2 and 3 emissions to determine our decarbonisation rate to reduce emissions by 2035 and attain net zero by 2050. We determined these emissions in line with our carbon footprint boundary, which accounts for South African properties in the active portfolio that are under our operational control.

Our FY19 carbon emissions in South Africa are summarised below:

CARBON FOOTPRINT			
2018 to 2019			
713 258	Scope 1	3 668 tCO ₂ e	0.5%
tCO ₂ e	Scope 2	31 494 tCO ₂ e	4%
Following the GHG Protocol, non-Kyoto gases were calculated at 1 024 tCO ₂ e	Scope 3	678 096 tCO ₂ e	95%

Page 31 of the FY23 **ESG** report details our net zero hierarchy. We will purchase carbon credits to offset emissions from a standing investment only when we have exhausted initiatives from pathways one to three or when the pathways are unavailable for a particular building. On 16 January 2023, five months into FY23, we purchased 10 718 tCO₂e of carbon offsets through Verra. These offsets have been applied proportionately to Scope 1 and 2 emissions in terms of the GHG Protocol for our sustainability-linked bond. For more information on this, refer to our [website](#). For our carbon footprint, purchased offsets will not be applied towards offsetting our overall GHG emissions.

We will look into internal carbon pricing in future, which we can use to factor into investment decisions and business operations to manage climate-related risks and prepare for the transition to a low-carbon economy.

Targets

We used the absolute contraction methodology set by the SBTi as at April 2022 to determine the linear annual reduction rate for each scope of emission. The Scope 3 reduction rate excludes the added emission sources in FY23. The climate-related targets are not regulated in South Africa; however, this may change with the passing of the Climate Change Bill. The targets were correlated to the climate-related risks and opportunities identified in the strategy section. Under each KPA is listed the key for each numbered risk and opportunity, which indicates the targets to which they relate. The climate metrics in the IFRS S2 industry standard for real estate are set out in the environmental section of the FY23 **ESG** report.

LINEAR ANNUAL REDUCTION RATE OF CARBON EMISSIONS				
Carbon emissions	Reduction: Five years	Reduction: 10 years	Reduction: 15 years	Reduction: 28 years
Scope 1	21%	42%	67.2%	90%
Scope 2	21%	42%	67.2%	90%
Scope 3	21%	42%	67.2%	90%

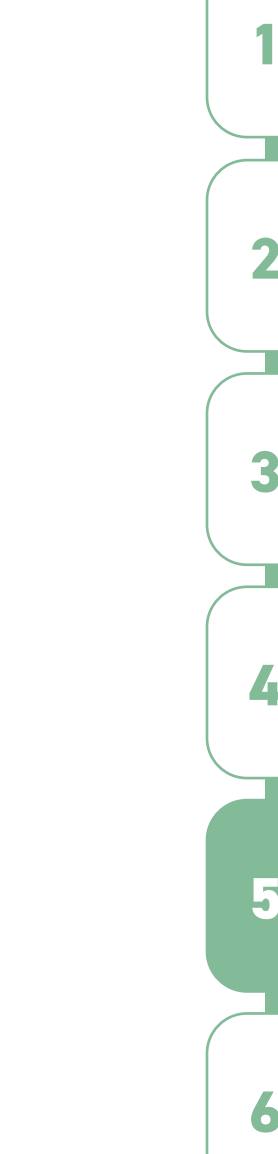
With guidance from the SBTi and net zero tool, we determined that we need to reduce our near-term carbon emissions by 67.2% collectively for Scope 1 and 2 and by 67.2% for Scope 3. Our long-term target is to reduce our Scope 1, 2 and 3 carbon emissions by 90% by FY50.

The FY22 STI and LTI awards and allocations contained targets that combined Scope 1 and 2 emissions reductions. Due to the overwhelming frequency and intensity of loadshedding during FY23 compared to FY22, we ran diesel generators more frequently as a business continuity measure, which left us no chance of reducing our Scope 1 emissions. Therefore, the REM approved the removal of the Scope 1 emission component from the emissions reduction target within the non-financial conditions. The Redefine senior management team is only required to reduce Scope 2 indirect emissions. These targets remained stretching and required management to reduce the bulk of the emissions under its control (as Scope 2 indirect emissions were about 7.5 times more than Scope 1 emissions in our FY19 carbon footprint).

For the FY22 LTI award, Scope 1 and 2 emissions in the non-financial performance indicator were split so that management is still held accountable for the reduction in Scope 1 emissions in the long term, but they are compensated primarily for reducing emissions in landlord-controlled areas (i.e. Scope 2). The FY23 LTI awards include a 25% ESG component comprising an FY25 milestone for reduced Scope 1 (2.5% weighting) and 2 (22.5% weighting) emissions in the South African portfolio under Redefine's operational control from an FY19 baseline. They also include an EPP KPI for reducing Scope 1 and 2 emissions by 12.6% from an FY23 baseline.

Following the acquisition of EPP during FY22, our priority is to develop group SBTs. Pending the finalisation of this process, we will continue to adhere to our milestones (as set out on this page) and the internal reduction strategies aligned with our SBTs.

We set rolling year-on-year targets for the South African standing investments under our operational control. We excluded externally managed standing investments as we do not directly control them. Acquisitions or disposals will be considered for their alignment with these targets as and when the opportunity arises. Performance against the short-term targets can be found in the FY23 **ESG** report. The remuneration outcomes associated with the relevant targets can be found in the FY23 remuneration report. Refer to **page 31** of the FY23 **ESG** report for more details on our net zero hierarchy. More detail on the factors that influenced the performance of the targets on the next page is on **page 114** of the FY23 **ESG** report.



METRICS AND TARGETS continued

A Absolute target

R Relative target

Metrics and targets

Metrics and targets used to assess and manage climate-related risks and opportunities continued

KPA	KPI	TARGET TYPE	EFFECTIVE DATE	MEASUREMENT PERIOD	TARGET FIGURE
SHORT-TERM TARGETS					
OPERATIONAL SUSTAINABILITY [01]	Percentage reduction in Scope 3 GHG emissions (unit of measurement: tCO ₂ e)	R	31 August 2019	31 August 2024	3.0%
RENEWABLE ENERGY ON A LIKE-FOR-LIKE BASIS [06]	Increase in installed capacity (unit of measurement: MWp)	A	31 August 2019	31 August 2024	3MWp
WATER WITHDRAWAL ON A LIKE-FOR-LIKE BASIS [R10]	Annual water reduction target (unit of measurement: ML)	R	31 August 2023	31 August 2024	2.3%
REDUCTION IN EMISSIONS ON A LIKE-FOR-LIKE BASIS [01]	Annual reduction of Scope 2 GHG emissions (unit of measurement: tCO ₂ e)	R	31 August 2019	31 August 2024	5.0%
REDUCTION IN WASTE [01]	Annual reduction in waste to landfill (unit of measurement: tonnes)	R	31 August 2019	31 August 2024	5.0%
MEDIUM-TERM TARGETS					
OPERATIONAL SUSTAINABILITY [01]	Number of new buildings built as net zero (unit of measurement: number)	A	N/A	31 August 2035	All new buildings certified
REDUCTIONS IN EMISSIONS ON A LIKE-FOR-LIKE BASIS [01]	Reduction in Scope 1, 2 and 3 GHG emissions (unit of measurement: tCO ₂ e)	R	31 August 2019	31 August 2035	42.0%
REDUCTIONS IN EMISSIONS ON A LIKE-FOR-LIKE BASIS [01]	Reduction in Scope 1 and 2 GHG emissions (unit of measurement: tCO ₂ e)	R	31 August 2019	31 August 2035	50.0%
LONG-TERM TARGETS					
OPERATIONAL SUSTAINABILITY [01]	Number of existing buildings converted to net zero (unit of measurement: number)	A	31 August 2022	31 August 2050	209* buildings
REDUCTION IN EMISSIONS ON A LIKE-FOR-LIKE BASIS [01]	Reduction in Scope 1 GHG emissions (unit of measurement: tCO ₂ e)	R	31 August 2019	31 August 2050	90.0%
REDUCTION IN EMISSIONS ON A LIKE-FOR-LIKE BASIS [01]	Reduction in Scope 2 GHG emissions (unit of measurement: tCO ₂ e)	R	31 August 2019	31 August 2050	90.0%
REDUCTION IN EMISSIONS ON A LIKE-FOR-LIKE BASIS [01]	Reduction in Scope 3 GHG emissions (unit of measurement: tCO ₂ e)	R	31 August 2019	31 August 2050	90.0%

* Considers the current number of standing investments within our operational control

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Annexures

Annexure A: Glossary of terms and abbreviations

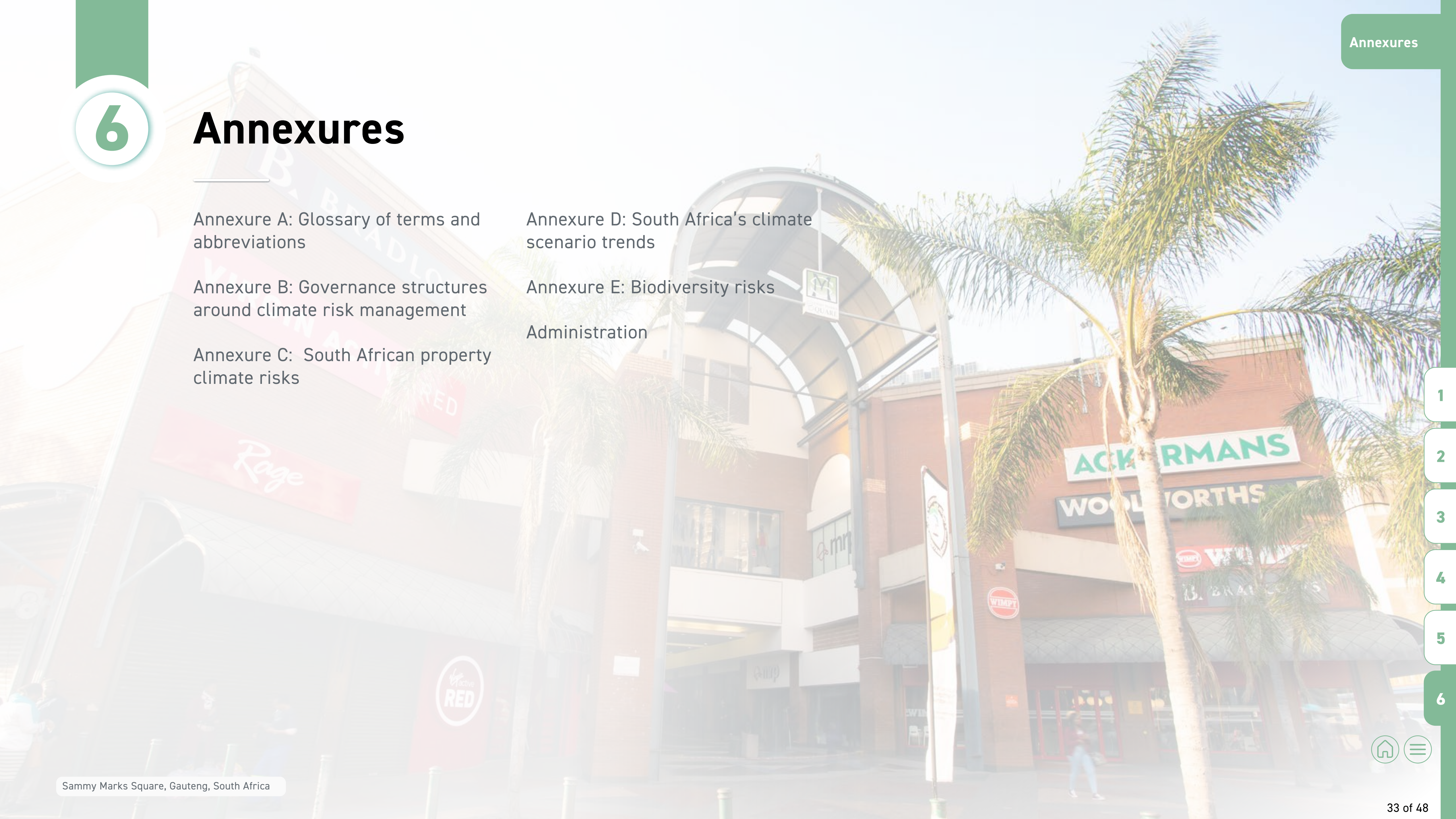
Annexure B: Governance structures around climate risk management

Annexure C: South African property climate risks

Annexure D: South Africa's climate scenario trends

Annexure E: Biodiversity risks

Administration



ANNEXURE A: GLOSSARY OF TERMS AND ABBREVIATIONS

TERM OR ABBREVIATION	DEFINITION	SOURCE (WHERE RELEVANT)
AC	audit committee	
Board	board of directors	
C40	C40 is a global network of mayors of the world's leading cities that are united in action to confront the climate crisis. Mayors of C40 cities are committed to using an inclusive, science-based and collaborative approach to cut their fair share of emissions in half by 2030	
CCS	carbon capture and storage	
CEO	chief executive officer	
CFO	chief financial officer	
CLO	chief legal officer	
CPO	chief people officer	
COO	chief operating officer	
CSI	corporate social investment	
CSO	chief sustainability officer	
EDGE	Excellence in Design for Greater Efficiencies	
EIA	An environmental impact assessment is a process to identify and assess the potential environmental impacts of a project in its different phases (construction, operation and decommissioning). EIA applies to projects with potentially significant adverse impacts on the environment and informs the development consent process. An EIA proposes measures to avoid or mitigate negative impacts and optimise positive effects. It includes an environmental management plan that lays out how such measures should be implemented and monitored	[Click here]
Embodied carbon	Embodied carbon is the carbon dioxide (CO ₂) emissions associated with materials and construction processes throughout the whole life cycle of a building or infrastructure. It includes any CO ₂ created during the manufacturing of building materials (material extraction, transport to manufacturer and manufacturing), the transport of those materials to the job site, and the construction practices used	[Click here]
EPCs	Energy performance certificates are a rating scheme to summarise the energy efficiency of buildings. A building is given a rating between A to G, and the certificate is valid for five years	[Click here]
EPP	EPP N.V. – the largest owner of retail assets in Poland and in which the company has a large holding	
ESG	environmental, social and governance	
EV	electric vehicle	
EWRM framework	enterprise-wise risk management framework	
FY23	Redefine's financial year from 1 September 2022 to 31 August 2023	
GHG Protocol	The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard provides requirements and guidance for companies and other organisations preparing a corporate-level GHG emissions inventory. The standard covers the accounting and reporting of seven GHGs covered by the Kyoto Protocol – carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃)	[Click here]
GHGs	Greenhouse gases absorb infrared radiation (net heat energy) emitted from the Earth's surface and reradiate it to the Earth's surface thus contributing to the greenhouse effect. GHGs include carbon dioxide, methane, nitrous oxide and fluorinated gases	[Click here]
GBCSA	Green Building Council South Africa	
HVAC	heating, ventilation and air conditioning	
IC	investment committee	
IFRS	The International Financial Reporting Standards are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board	[Click here]

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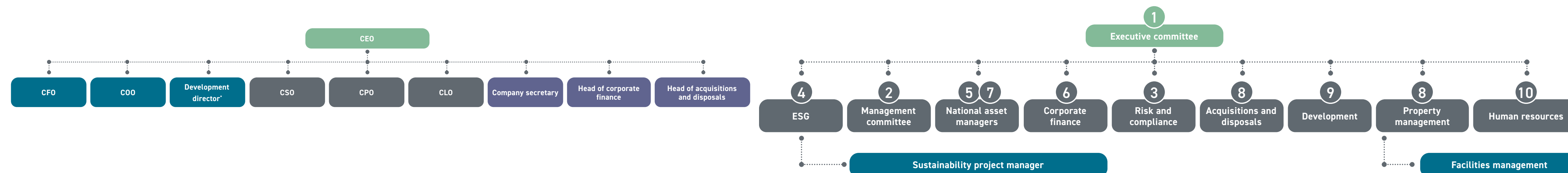
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ANNEXURE A: GLOSSARY OF TERMS AND ABBREVIATIONS continued

TERM OR ABBREVIATION	DEFINITION	SOURCE (WHERE RELEVANT)
IPPs	independent power producers	
ISSB	The International Sustainability Standards Board is a standard-setting body established in 2021 under the IFRS Foundation, whose mandate is the creation and development of sustainability-related financial reporting standards to meet investors' needs for sustainability reporting	[Click here]
KPA	key performance area	
KPI	key performance indicator	
LED	light-emitting diode	
LTI	long-term incentive	
MWp	Megawatt peak	
NDCs	Nationally Determined Contributions represent the commitments of each country to reduce GHG emissions and to adapt to climate change	[Click here]
Net zero carbon	A building is considered net zero carbon when it is highly energy-efficient and its remaining energy use is from renewable energy (preferably on site but also off site where absolutely necessary) so that there are zero net carbon emissions on an annual basis (net zero) or when the energy from renewable energy results in surplus energy being produced (net positive)	[Click here]
PV	photovoltaic	
RCPs	Representative concentration pathways represent projected GHG emissions. RCP 1.9 is aligned with the 1.5°C emissions scenario, and RCP 2.6 is aligned with a 2°C emissions scenario. Risks are categorised as medium (2030) and long term (2050)	[Click here]
RCT	risk, compliance and technology committee	
Redefine, the group or the company	Redefine Properties Limited	
REIT	Real Estate Investment Trust	
REM	remuneration committee	
SASB standards	The Sustainability Accounting Standards Board standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the standards identify the subset of ESG issues most relevant to financial performance in each industry	[Click here]
SANS	South African National Standards	
SBTi	The Science Based Targets initiative drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets	[Click here]
SBTs	Science-based targets provide a clearly defined pathway for companies and financial institutions to reduce GHG emissions, which helps prevent the most severe impacts of climate change and future-proofs business. Growth targets are considered science based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels	[Click here]
SET	social, ethics and transformation committee	
STI	short-term incentive	
TCFD	The Financial Stability Board created the Task Force on Climate-related Financial Disclosures in 2015 to improve and increase reporting of climate-related financial information	
tCO₂e	Tonnes of carbon dioxide equivalent	
UN SDGs	The United Nations Sustainable Development Goals are a call to action for all countries – poor, rich and middle income – to promote prosperity while protecting the planet. They recognise that ending poverty goes hand in hand with strategies that build economic growth and address a range of social needs, including education, health, social protection and job opportunities, while tackling climate change and environmental protection	[Click here]
WRI	World Resources Institute	
WWF	World Wide Fund for Nature	

ANNEXURE B: GOVERNANCE STRUCTURES AROUND CLIMATE RISK MANAGEMENT



Management-level climate risk management responsibility matrix

The executive committee's climate-related roles and responsibilities

ROLE	RESPONSIBILITY
CEO/CFO/COO/CSO/CLO	See Part 2: Governance (on page 7 of this report)
CPO	Ensures the company sources the correct talent to fulfil the goals and objectives of the Task Force on Climate-related Financial Disclosures (TCFD) framework and that employees are trained in their respective roles to identify and mitigate climate risks and enhance opportunities
Company secretary	<ul style="list-style-type: none"> Integrates and reviews the effectiveness of the group governance framework regarding climate-related issues and ensures that such matters are adequately captured in the board's and relevant committees' annual work plans Develops and maintains a sustainable decision-making matrix that enables the effective execution of the board's duties
Head of corporate finance	Assesses and reviews the availability of capital and capital spent on addressing climate risks and opportunities as well as the application of the sustainable finance framework to climate-related funding facilities
Head of acquisitions and disposals	Assesses the climate risks and opportunities related to the acquisition and disposal of assets

Management's role in overseeing climate risk mitigation

NUMBER	RESPONSIBILITY
1	Oversees and approves the climate risk management framework, including risk mitigation plans (e.g. net zero pathway), integrates the climate risk management framework into the company's EWRM framework and strategy (both for submission to the relevant board committees), and approves proposals for initiatives identified in climate risk mitigation plans
2	Monitors implementation of the climate risk management framework
3	Reviews the climate risk management framework, including the integration of risk mitigation plans into the business, and oversees the assurance of environmental data and reporting
4	Identifies and prepares proposals for initiatives identified in the climate risk mitigation strategy
5	Takes responsibility for introducing practical initiatives aimed at reducing the company's climate risk, including putting proposals forward to the executive committee for approval, in line with any risk mitigation measures identified in the climate risk framework
6	Takes into account company-level climate risk mitigation plans, including any associated targets, when negotiating any sustainability-linked funding
7	Implements any targets identified in climate risk mitigation plans in accordance with proposals approved by the executive committee
8	Notes whether any asset for acquisition or disposal has been designed for climate resilience (wholly or in part)
9	Implements climate-resilience initiatives in all new developments
10	Aligns any executive KPIs linked to climate risk management with targets included in risk mitigation plans for recommendation to the REM

*Mike Ruttell, Development director, retired in January FY23. The executive-level role was not replaced

ANNEXURE C: SOUTH AFRICAN PROPERTY CLIMATE RISKS



Physical risks

SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
WRI WATER RISK PER LOCATION			
WESTERN CAPE	Retail	Baseline water stress	100% of the properties are exposed to extremely high risk
		Coastal flood risk	100% of the sector has a low risk
		Riverine flood risk	100% of the sector has a low risk
		Drought risk	100% of the sector has a medium risk
	Office	Baseline water stress	100% of the properties are exposed to extremely high risk
		Coastal flood risk	100% of the sector has a low risk
		Riverine flood risk	16% of the sector is exposed to a low to medium risk, while 84% of the sector is exposed to a low risk
		Drought risk	100% of the sector has a medium risk
	Industrial	Baseline water stress	100% of the properties are exposed to extremely high risk
		Coastal flood risk	100% of the sector has a low risk
		Riverine flood risk	100% of the sector has a low risk
		Drought risk	100% of the sector has a medium risk
KWAZULU-NATAL	Retail	Baseline water stress	33.3% presented a medium to high risk, 33.3% presented a low to medium risk, and 33.3% presented a low risk
		Coastal flood risk	100% of the sector has a low risk
		Riverine flood risk	67% of the sector has a high risk and 33% has a low to medium risk
		Drought risk	100% of the sector has a medium risk
	Office	Baseline water stress	67% of the sector has a medium to high risk and 33% has a low to medium risk
		Coastal flood risk	100% of the sector has a low risk
		Riverine flood risk	100% of the sector has a high risk
		Drought risk	100% of the sector has a medium risk

SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
WRI WATER RISK PER LOCATION continued			
KWAZULU-NATAL	Industrial	Baseline water stress	25% of the sector has a medium to high risk, 62.5% has a low to medium risk and 12.5% has a low risk
		Coastal flood risk	100% of the sector has a low risk
		Riverine flood risk	75% of the sector is exposed to high risk, while 25% of the sector has a low to medium risk
		Drought risk	100% of the sector has a medium risk
LIMPOPO	Office	Baseline water stress	100% of the sector is exposed to extremely high risk
		Riverine flood risk	100% of the sector has a low risk
		Drought risk	100% of the sector has a medium to high risk
GAUTENG	Retail	Baseline water stress	100% of the properties are exposed to extremely high risk
		Riverine flood risk	69% of the sector presented a low to medium risk and 31% presented a low risk
		Drought risk	100% of the sector has a medium to high risk
	Office	Baseline water stress	100% of the properties are exposed to extremely high risk
		Riverine flood risk	97% of the sector presented a low to medium risk and 3% presented a low risk
		Drought risk	100% of the sector has a medium to high risk
Industrial	Baseline water stress	100% of the properties are exposed to extremely high risk	
	Riverine flood risk	44% of the sector has a low to medium risk and 56% has a low risk	
	Drought risk	100% of the sector has a medium to high risk	

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ANNEXURE C: SOUTH AFRICAN PROPERTY CLIMATE RISKS continued



Short term
(2025)



Medium term
(2035)



Long term
(after 2050)

Physical risks continued

SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
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WRI WATER RISK PER LOCATION continued

LOCATION	SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
MPUMALANGA	Retail	Baseline water stress		100% of the properties are exposed to a high risk
		Riverine flood risk		100% of the sector has a low risk
		Drought risk		100% of the sector has a medium risk
	Office	Baseline water stress		100% of the properties are exposed to a high risk
		Riverine flood risk		100% of the sector has a low risk
		Drought risk		100% of the sector has a medium risk
	Industrial	Baseline water stress		50% of the sector is exposed to an extremely high risk and 50% is exposed to a high risk
		Riverine flood risk		100% of the sector has a low risk
		Drought risk		100% of the sector has a medium risk
NORTH WEST	Retail	Baseline water stress		100% of the sector is exposed to an extremely high risk
		Riverine flood risk		33% of the sector presented a low to medium risk and 67% presented a low risk
		Drought risk		100% of the sector has a medium risk
	Office	Baseline water stress		100% of the sector is exposed to an extremely high risk
		Riverine flood risk		100% of the sector has a low risk
		Drought risk		100% of the sector has a medium risk
	Industrial	Baseline water stress		75% of the sector is exposed to extremely high risk and 25% is exposed to a low to medium risk
		Riverine flood risk		100% of the sector has a low risk
		Drought risk		100% of the sector has a medium risk

SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
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WRI WATER RISK PER LOCATION continued

LOCATION	SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
FREE STATE	Retail	Baseline water stress		100% of the sector has an arid and low water use risk
		Riverine flood risk		50% of the sector has a low to medium risk and 50% has a low risk
		Drought risk		100% of the sector has a medium to high risk
	Industrial	Baseline water stress		50% of the sector is exposed to extremely high risk and 50% has an arid and low water use risk
		Riverine flood risk		50% of the sector has a low to medium risk and 50% has a low risk
		Drought risk		100% of the sector has a medium to high risk
NORTHERN CAPE	Industrial	Baseline water stress		100% of the sector presented a high risk
		Coastal flood risk		100% of the sector has a low risk
		Riverine flood risk		100% of the sector has a low to medium risk
		Drought risk		100% of the sector has a medium risk
EASTERN CAPE	Industrial	Baseline water stress		50% of the sector presented a high risk and 50% presented a low to medium risk
		Coastal flood risk		100% of the sector has a low risk
		Riverine flood risk		50% of the sector presented a high risk and 50% presented a low to medium risk
		Drought risk		100% of the sector has a medium risk

MUNICH RE CLIMATE RISK ASSESSMENT

LOCATION	SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
SHORT-TERM FIRE WEATHER STRESS RISK	Retail	Fire weather stress		83% of the sector presented a medium to high risk, 8% presented a medium risk, and 8% presented a low to medium risk
	Office	Fire weather stress		75% of the sector presented a medium to high risk, 16% presented a medium risk, 8% presented a low to medium risk, and 1% presented a high risk
	Industrial	Fire weather stress		74% of the sector presented a medium to high risk, 13% presented a medium risk, 12% presented a low to medium risk and 1% presented a high risk

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ANNEXURE C: SOUTH AFRICAN PROPERTY CLIMATE RISKS continued



Short term
(2025)



Medium term
(2035)



Long term
(after 2050)

Physical risks continued

SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
MUNICH RE CLIMATE RISK ASSESSMENT <small>continued</small>			
Retail	Drought stress RCP2.6y2030		30.16% of the sector presented a medium risk, 63.49% presented a low to medium risk, and 6.35% presented a low risk
	Drought stress RCP2.6y2050		90.48% of the sector presented a medium risk, 3.17% presented a medium to high risk, and 6.35% presented a low to medium risk
	Fire weather stress RCP2.6y2030		84% of the sector presented a medium to high risk, 6% presented a medium risk, and 10% presented a low to medium risk
	Fire weather stress RCP2.6y2050		84% of the retail sector presented a medium to high risk, 6% presented a medium risk, and 10% presented a low to medium risk
Office	Drought stress RCP2.6y2030		56% of the sector presented a low to medium risk, 36% presented a medium risk, 7% presented a low risk, and 1% presented a medium to high risk
	Drought stress RCP2.6y2050		91% of the sector presented a medium risk, 7% presented a low to medium risk, and 2% presented a medium to high risk
	Fire weather stress RCP2.6y2030		75% of the sector presented a medium to high risk, 16% presented a medium risk, 8% presented a low to medium risk, and 1% presented a high risk
	Fire weather stress RCP2.6y2050		75% of the sector presented a medium to high risk, 16% presented a medium risk, 8% presented a low to medium risk, and 1% presented a high risk
Industrial	Drought stress RCP2.6y2030		64% of the sector presented a low to medium risk, 15% presented a medium to high risk, 12% presented a medium risk, and 9% presented a low risk
	Drought stress RCP2.6y2050		78% of the sector presented a medium to high risk, 14% presented a medium risk, and 8% presented a low to medium risk
	Fire weather stress RCP2.6y2030		84% of the sector presented a medium to high risk, 12% presented a low to medium risk, 3% presented a medium risk, and 1% presented a high risk
	Fire weather stress RCP2.6y2050		84% of the sector presented a medium to high risk, 12% presented a low to medium risk, 3% presented a medium risk, and 1% presented a high risk

SECTOR	RISK	TIME FRAME	PERCENTAGE OF PORTFOLIO AT RISK
MUNICH RE CLIMATE RISK ASSESSMENT <small>continued</small>			
Retail	Storm		68% of the sector presented a medium risk and 32% presented a low risk
	Flooding		83% of the sector presented a low risk, 8% presented a medium risk, 6% presented an extreme risk, and 3% presented a high risk
Office	Storm		15% of the sector presented a medium risk and 9% presented a low risk
	Flooding		84% of the sector presented a low risk, 10% presented an extreme risk, 4% presented a medium risk, 2% presented a high risk
Industrial	Storm		66% of the sector presented a medium risk and 10% presented a low risk
	Flooding		72% of the sector presented a low risk, 12% presented an extreme risk, 9% presented a medium risk, and 7% presented a high risk

Properties disposed of during the reporting period have been removed from all calculations

MEDIUM- TO LONG-TERM RISKS

2021 GEOWEB NATHAN PORTFOLIO REPORT

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ANNEXURE C: SOUTH AFRICAN PROPERTY CLIMATE RISKS continued



Transition risks

SECTOR	RISK	TIME FRAME
TRANSITION RISK PER LOCATION		
WESTERN CAPE	Retail	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
	Office	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
	Industrial	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
KWAZULU-NATAL	Retail	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces

SECTOR	RISK	TIME FRAME
TRANSITION RISK PER LOCATION <small>continued</small>		
KWAZULU-NATAL	Office	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
	Industrial	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
GAUTENG	Retail	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
Office	Policy and legal: Enhanced emissions reporting obligations	
	Policy and legal: Water restrictions and punitive tariffs	
	Market and technology: Standby power supply	
	Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern	
	Reputation: Demand for greener and healthier spaces	

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ANNEXURE C: SOUTH AFRICAN PROPERTY CLIMATE RISKS continued



Short term
(2025)



Medium term
(2035)



Long term
(after 2050)

Transition risks continued

SECTOR	RISK	TIME FRAME
TRANSITION RISK PER LOCATION <small>continued</small>		
GAUTENG	Industrial	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
MPUMALANGA	Retail	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
MPUMALANGA	Office	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
MPUMALANGA	Industrial	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces

SECTOR	RISK	TIME FRAME
TRANSITION RISK PER LOCATION <small>continued</small>		
LIMPOPO	Office	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
NORTH WEST	Retail	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
NORTH WEST	Office	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces
NORTH WEST	Industrial	Policy and legal: Enhanced emissions reporting obligations
		Policy and legal: Water restrictions and punitive tariffs
		Market and technology: Standby power supply
		Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern
		Reputation: Demand for greener and healthier spaces

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ANNEXURE C: SOUTH AFRICAN PROPERTY CLIMATE RISKS continued



Short term
(2025)



Medium term
(2035)



Long term
(after 2050)

Transition risks continued

SECTOR	RISK	TIME FRAME
TRANSITION RISK PER LOCATION <small>continued</small>		
EASTERN CAPE	Policy and legal: Enhanced emissions reporting obligations	
	Policy and legal: Water restrictions and punitive tariffs	
	Market and technology: Standby power supply	
	Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern	
	Reputation: Demand for greener and healthier spaces	
FREE STATE	Policy and legal: Enhanced emissions reporting obligations	
	Policy and legal: Water restrictions and punitive tariffs	
	Market and technology: Standby power supply	
	Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern	
	Reputation: Demand for greener and healthier spaces	
NORTHERN CAPE	Policy and legal: Enhanced emissions reporting obligations	
	Policy and legal: Water restrictions and punitive tariffs	
	Market and technology: Standby power supply	
	Market: Diminished attractiveness of REITs as an asset class and increased stakeholder concern	
	Reputation: Demand for greener and healthier spaces	



Mall of the South, Gauteng, South Africa

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ANNEXURE D: SOUTH AFRICA'S CLIMATE SCENARIO TRENDS

The table below sets out our South African physical and transitional risk details as per the climate scenario analysis.

Transition trends are analysed in the 2020s and 2030s, because trends under each scenario are expected to transition very quickly and global actions over the next two decades are instrumental to the trends we will see. Trends in the 2030s will be expected to continue in the long term under the respective scenarios.

Physical climate trends under 1.5°C

PHYSICAL RISK TRENDS		ACTION
Food security	20% to 60% decline in wheat yield for southern Africa	The impact on asset types dependent on distribution or supply of food (industrial or retail) may affect employees', stakeholders' and tenants' livelihoods. Risk management strategies will be devised to mitigate and adapt to the possibility of social unrest
Public health	Millions more exposed to vector borne diseases in southern Africa (malaria, dengue, zika)	Employee and tenant engagement on public health, particularly in relation to climate change, will be increased. Where applicable, window and door screens will be installed
Extreme temperatures	The annual number of heatwaves are projected to increase by between two to four times, and hot and extremely hot days are certain to increase	Implementation of passive measures such as external shading (shutters and awnings), internal shading (blinds), light coloured facades, and vegetation to reduce reliance on energy-intensive air conditioning
Drought	Increases in drought frequency and duration	Continue to implement water conservation measures such as rainwater harvesting, greywater treatment, etc. in developments and new acquisitions
Flooding	Total precipitation is expected to decrease; however, short storms will be more intense	Continue to implement flood adaptation solutions for high-risk assets identified through Munich Re and WRI
Coastal disruption	Increase in sea surface temperatures of 0.5°C to 1.3°C	This will have indirect impacts on ecosystems and food security and increase storm severity. Flooding measures will be implemented at high-risk assets identified through Munich Re and WRI
Ecosystem disruption	More than 10% of species are estimated to become extinct across Africa	This will have an indirect impact on ecosystems and food security. Asset types whose function depends on such services, i.e. assets that serve, sell or manufacture food. This will not be a material risk in the short term. Therefore, we will monitor the market and implement a strategy if necessary

Transition climate trends under 1.5°C

TRANSITION TRENDS	ACTION	TRANSITION TRENDS	ACTION
2020s		2030s	
Capital divestment away from contributors to climate change, assessed through emissions intensity and climate action disclosures	Continuous implementation of measures to reduce emissions intensity through energy efficiency and renewable energy, where possible, to ensure continued investment	Stabilisation of climate-related events	N/A
Strong public and private sector investment required in innovation, renewables, transport and infrastructure	Continue ambition of solar PV installation where feasible. Continue to implement energy-efficient measures at assets (smart metering, building management systems, occupancy sensors)	Declining trend in carbon emissions	N/A
Significantly increased and more stringent policy interventions in the form of both penalties and incentives. These will be in the form of government regulations, institutional frameworks, and requirements from providers of capital	Maintain measurement, reduction and transparent reporting of energy, water, and waste. Maintain awareness of emerging policies and ensure alignment	Market adjustment to strict policy interventions	N/A
Integrated governance systems such as the ISSB, and taxonomies are likely to become globally mandated	Expand reporting on the ISSB and taxonomies	Restrictions and bans on high-carbon goods and services	Examination of the procurement of goods and services. Seek alternatives to high-carbon goods where feasible
Increased cost of carbon	Implement an internal carbon price	Electrification from solar PV generation; electric vehicle (EV) stations will dominate	As the national grid begins to decarbonise or where solar PV generation is sufficient, we will increase the electrification of assets
Increased international energy supply disruptions compound national supply issues, resulting in an increased impact to consumers through energy bills and exacerbating the current cost of living crisis	Continue to perform feasibility assessment on on-site solar PV and where feasible on our vacant land to reduce the reliance on unstable markets. Where practical, explore additional agreements with independent power producers (IPPs)	Increased low-carbon skills base and innovation sharing	Collaboration with various stakeholders to improve the understanding of low-carbon, climate resiliency, sustainable expectations and best practices

ANNEXURE D: SOUTH AFRICA'S CLIMATE SCENARIO TRENDS continuedTransition climate trends under 1.5°C continued

TRANSITION TRENDS	ACTION	TRANSITION TRENDS	ACTION
2020s		2030s	
Sovereign debt rises significantly as advanced and large emerging economies borrow heavily to finance their public investment programmes, including a tripling of public expenditure in green infrastructure	At present, we will continue to seek investments through green bonds and loans	Return of economic growth and improved cost of living	N/A
Capital flows to developing countries for adaptation and mitigation increase considerably		Greater distribution of wealth through community interdependence	N/A
While oil demand peaks in the mid-2020s, inflation remains high for consumers and businesses until at least 2030 as oil prices become subject to carbon taxation and supply limitations while economies bridge to alternative technologies initially constrained by immature supply chains	Continue to invest in renewable on-site energy, water conservation measures and passive cooling measures to reduce operational costs		
Lower economic growth			Seek credible investment in carbon credits for local carbon sinks to compensate for residual emissions at our properties. Alternatively, we will also explore opportunities to create carbon sinks at our selected vacant land to use as an insetting project
Shorter supply chains materialise to reduce disruptions and emissions	Assess opportunities to engage with local and diversified suppliers	Natural undisturbed areas such as forests, peatlands, and mangroves are protected or enhanced as carbon sinks	
Innovations for climate solutions expand to include smart tech, increased digitalisation, and artificial intelligence (AI) by the end of the decade	We will maintain awareness of emerging innovations and support from the government to reduce energy intensity		
Large power assets, unable to abate their emissions, accrue increasing obsolescence, contributing to the realisation of a decentralised power system comprising small-scale renewables and flexible grids. This is in part achieved by high demand for EVs from aspiring 'prosumers' in the 2020s	Continue to focus on reducing energy use of assets through energy-efficient measures. Where feasible, we will increase on-site renewable energy generation		

Physical climate trends under a 2°C scenario

PHYSICAL RISK TRENDS		ACTION
Extreme temperatures	Mean annual temperatures in southern Africa are projected to be on average 2.3°C warmer than the 1994 to 2004 average compared to the global 2°C of warming. The annual number of heatwaves is projected to increase by between four to eight times, and hot and extremely hot days are certain to increase	Where applicable, we will implement passive measures such as external shading (shutters and awnings), internal shading (blinds), light coloured facades, and vegetation, to reduce reliance on energy-intensive air conditioning. We will seek to secure reliable water supply at each asset through backup water tanks. Occupier surveys will frequently be conducted to understand employees and tenant comfort levels and what could be implemented
Droughts	More frequent and prolonged droughts will cause land subsidence in cities that extract groundwater	Through adequate drainage systems, we will ensure that groundwater systems are replenished
Public health	As the urban heat island effect (UHI) intensifies, vulnerable populations under five and above 64 (known to have weaker bodily function) will be increasingly exposed to dangerous heatwaves of more than 15 days	While our employees and tenants might not typically fall under this age bracket, we will ensure that our properties have sufficient shaded areas and water for visitors, employees and tenants alike
Precipitation	If hydropower becomes a larger contributor towards the national grid in the future, reductions in rainfall could have significant consequences on hydropower generation. Reduced rainfall may have considerable impacts on electricity prices and, by association, on consumers expenditure	Where feasible, increase on-site solar PV energy generation and explore more options with wheeling
Ecosystem disruption	More than 50% of plant and animal species are estimated to become extinct across Africa	This will have an indirect impact on ecosystems, biodiversity, and food security. Asset types whose function depends on such services, i.e. assets that serve, sell or manufacture food. This will not be a material risk in the short term. Therefore, we will monitor the market and implement a strategy if necessary
Population dynamics	Migration to urban areas will increase exposure to the urban heat island effect	To reduce the amount of heat that is potentially absorbed by dark surfaces such as concrete and paving, we will prioritise the installation of vegetation and light surfaces where possible
Water security	Rural areas with limited infrastructure will be increasingly dependent on imported water resources	Continue to invest in water conservation measures, rainwater harvesting and greywater investigation at our properties

ANNEXURE D: SOUTH AFRICA'S CLIMATE SCENARIO TRENDS continued

Transition climate trends under a 2°C scenario

TRANSITION TRENDS		ACTION	
2020s		2030s	
Increased investment in innovation, renewables, and infrastructure (public and private)	This will further enable us to implement low-carbon infrastructure at our properties	Slow decline in carbon emissions	N/A
Government is slow to introduce required policies, however, these gradually increase, with stricter policy interventions	Continuous awareness of emerging policies and ensuring our alignment through internal practices, e.g. maintaining the ESG building scoring matrix	Climate-related events are common	Implementation of adaption measures for high-risk assets identified through Munich Re and WRI aqueduct
Climate guidance and frameworks are developed, however, they are not standardised across countries and are rarely assured or verified		Market adjustment to strict policy interventions	Continuous implementation of low-carbon and climate adaptation measures
Increased living and business costs. This is the result of increased costs placed on carbon, which is translated to energy bills, and all areas of production of goods and services	Where applicable, continue to invest in on-site renewable energy, water conservation measures, and passive cooling measures to reduce operational costs	Increased skills base and innovation	Maintain the collaboration with stakeholders to improve understanding of low-carbon, climate resiliency, and sustainability expectations and best-practice actions
Lower economic growth due to increasing carbon and energy costs		Return of economic growth	Estimated to see an increase in financial return
Greater emphasis on adaptation finance as climate disasters increase. Financing is likely to be focused on cities where infrastructure and finance institutions are based	More investment in infrastructure is likely to be seen in Cape Town, which will result in more support for adaptation, reliable energy, and water supplies. This will be beneficial for our adaptation in the region	Population shifts to less impacted areas	Where feasible, invest in new assets or development in low-risk locations to mirror the shift in population and minimisation of civil disruption impacts. Where this is not feasible, we will ensure that robust risk management solutions are developed
		Increasing civil unrest can be anticipated, particularly in regions where climate change impacts intersect with existing political instability	
		Carbon capture and storage (CCS) on fossil fuel plants has limited financial viability compared to cheaper renewable energy supply	Where feasible, prioritise the installation of on-site solar PV and low-carbon energy backup storages

Physical climate trends under a 4°C scenario

PHYSICAL RISK TRENDS		ACTION	
Drought and precipitation	Mean annual rainfall in the summer rainfall region is projected to decrease by 10% to 20% and there will be an increase in the number of consecutive dry days during the rainy season	Continue to implement water conservation measures at new acquisitions and developments	
Water quality	In total, 1.2 billion Africans are projected to be negatively affected by polluted drinking water from reduced water quality regulation by ecosystems	As an additional caution, treat on-site water at properties vulnerable to waterborne diseases due to the government's lack of spend and maintenance on water infrastructures	
Ecosystem disruption	Millions will be affected by reduced coastal protection by dying ecosystems such as mangroves. More than 50% of species are estimated to become extinct across Africa	Before considering coastal acquisitions and developments, a climate risk assessment will be conducted	
Heatwaves, public health, and productivity	Heat stress is projected to reduce working hours. Manufacturing productivity across Africa is projected to decline by 0% to 15% by 2080 to 2099	Prioritisation of sufficient cooling and water supply at our properties to maintain adequate working conditions for employees, tenants, and visitors	

ANNEXURE D: SOUTH AFRICA'S CLIMATE SCENARIO TRENDS continued

Transition climate trends under 4°C scenario

TRANSITION TRENDS	ACTION	TRANSITION TRENDS	ACTION
2020s		2030s	
Extreme damage costs and increased operational costs for cooling	Where feasible, passive cooling will be prioritised	Inflation begins to rise from the early 2030s as the physical effects of climate change begin to cause major disruption to supply chains, and from the late 2030s the global economy struggles with both the effects of accelerated climate change and the increased costs of decarbonising infrastructure commissioned in the 2020s	Continuous investment in on-site renewable energy, water conservation measures, and passive cooling measures to reduce operational costs
Looser policy interventions due to a landscape dominated by other priorities such as poverty reduction, repairing national debt, and political crises. Policies are more localised, as a result of less national and international coordination	Continue to drive ESG engagements with investors and tenants	Exceedance of reversible climate change threshold	Continue to assess climate adaptation measures of our assets
Private capital directed at solutions	Where possible, liaise or partner with municipalities where we operate to establish infrastructure adaptation measures	Significantly poorer public health outcomes	Increase in tenant awareness and engagement on public health, particularly in relation to climate change. Treatment of water at vulnerable sites and the implementation of cooling measures to reduce health impacts
Private sector investment in research and development, innovation and solutions, renewables, and infrastructure		Governments' significant investment in innovation, renewable energy, and infrastructure	Continue to introduce low-carbon technologies and climate adaptation measures as they become available
Public spending focused on aid and investment to developing countries as a reactionary approach to increasing climate-related disasters rather than a precautionary approach. The Just Energy Transition Plan should provide investment into adaptation measures, although this might be received too late and will be used as recovery measures	Continue to seek financing through our green bond framework	Lower economic growth	Continue to prescribe adaptation and climate resilience measures through internal processes to prevent business disruptions
Continued fossil fuel energy and resource-intensive development	Continue to explore alternative and low-carbon energy generation for our assets	Significant, rapid, enforced changes to consumer behaviour including energy and water use	Continue to implement programmes which support more sustainable consumer behaviour
Limited changes to consumer behaviour	Continue to engage with our stakeholders on ESG and climate resilience matters	Increased costs of adaptation to warmer climate as the 'new norm'	Regularly perform comfort level
Continued urban sprawl	We will prioritise suburbs for new developments and acquisitions	Major population shift and shift in desirable market locations	Desirable locations are likely to be associated with cooler, low physical risk locations. Areas with reliable infrastructure will be desirable. We will follow these trends for future developments and acquisitions
Gross domestic product (GDP) growth fuelled by fossil fuels	We will take advantage of any growth in GDP to increase financing into the adaptation and climate resilience of the assets	International migration, energy costs and food and water shortages will contribute to rising civil unrest	
Uneven and fragmented carbon pricing schemes incentivise carbon leakage as companies seek production bases with more lenient policies	Implementation on an internal carbon price		A transition fund will be developed through internal carbon pricing to be able to finance unexpected climate policy requirements, and any necessary recovery measures
Technological change is slow through the 2020s. Low oil prices combined with insufficient investment in clean technologies limits uptake of EVs to the wealthiest, with internal combustion engine vehicles dominating sales well into the 2040s. CCS on power plants is a more viable emissions reduction option as investment is maintained in fossil fuels	We will focus on introducing EV-charging stations at sites with stable energy, either from on-site renewables or the national grid	Increased climate-related events force rapid, strict policy interventions	

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ANNEXURE E: BIODIVERSITY RISKS

	SECTOR	TIME FRAME	PRESSURES ON BIODIVERSITY
GAUTENG	Retail	🕒	100% of the sectors presented a low risk
	Office		
	Industrial		
WESTERN CAPE	Retail	🕒	100% of the sectors presented a low risk
	Office		
	Industrial		
KWAZULU-NATAL	Retail	🕒	67% of the sector presented a low risk and 33% a very low risk
	Office		67% of the sector presented a low risk and 33% a very low risk
	Industrial		87.5% of the sector presented a low risk and 12.5% a very low risk
MPUMALANGA	Retail	🕒	100% of the sectors presented a low risk
	Office		
	Industrial		
NORTH WEST	Retail	🕒	100% of the sectors presented a low risk
	Office		
	Industrial		

	SECTOR	TIME FRAME	PRESSURES ON BIODIVERSITY
FREE STATE	Retail	🕒	100% of the sectors presented a low risk
	Industrial		
LIMPOPO	Office	🕒	100% of the sectors presented a low risk
NORTHERN CAPE	Industrial	🕒	100% of the sectors presented a low risk
EASTERN CAPE	Industrial	🕒	100% of the sectors presented a low risk



Kyalami Corner, Gauteng, South Africa

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Shareholders' diary

AGM	Half-year end	Interim financial results	Financial year end	Annual financial results
19 February 2024	29 February 2024	6 May 2024	31 August 2024	4 November 2024

Administration

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(Registration number: 1999/018591/06)
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