



King IV™ application register

for the year ended 31 August 2023

Opting for the upside

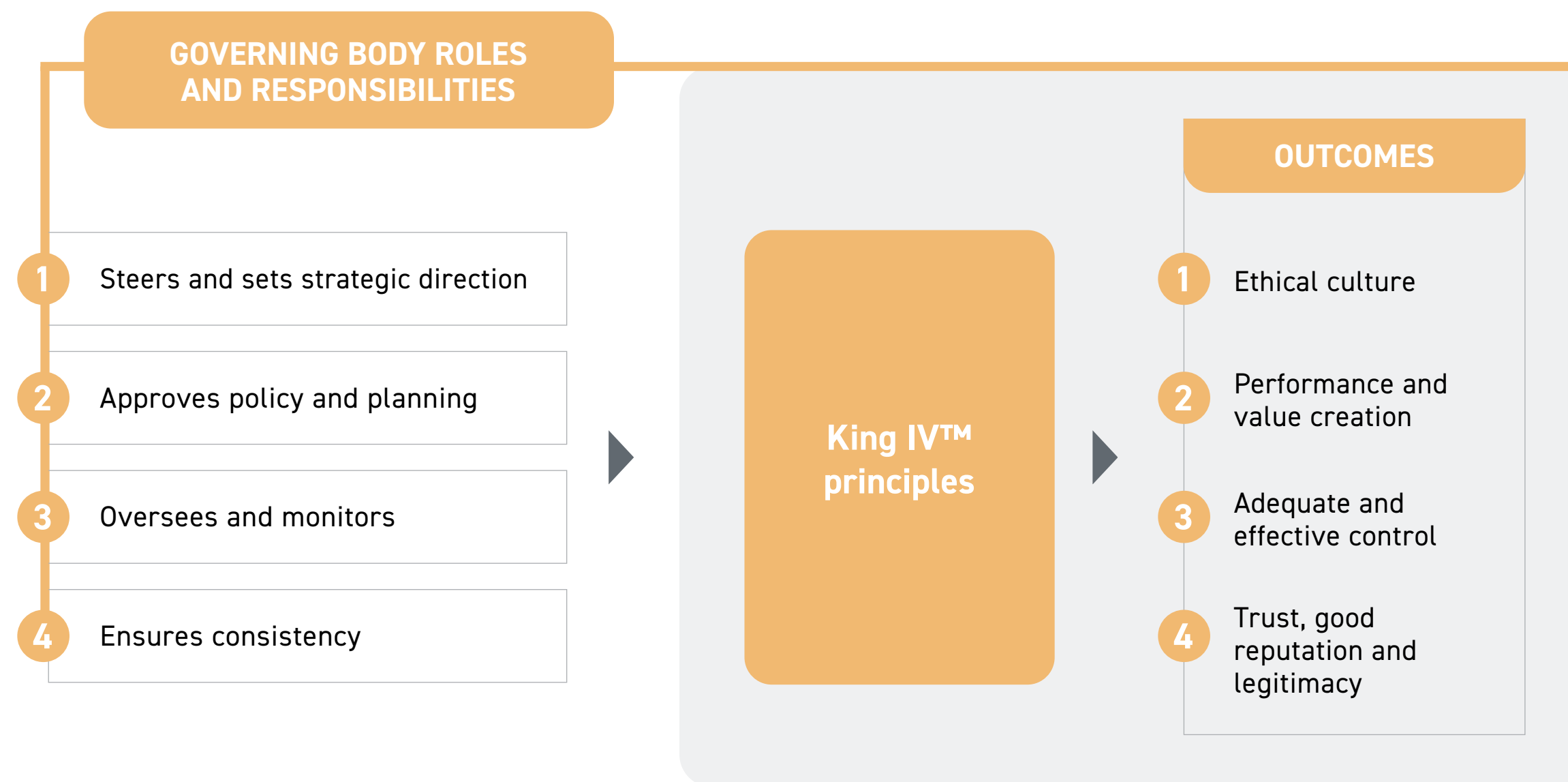


We're not landlords. We're people.

KING IV™ APPLICATION REGISTER

In terms of the JSE Limited (JSE) Listings Requirements, Redefine Properties Limited (Redefine, the group or the company) is required to report on the extent to which it applies the principles set out in the King IV™ Report on Corporate Governance for South Africa 2016 (King IV™)*. An in-depth assessment was conducted by the company secretary against the 16 principles, and we are pleased to present the King IV™ application register for the financial year ended 31 August 2023 (FY23). The outcomes from the assessment were independently assured by an external governance service provider, FluidRock Advisory.

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PART A: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

PRINCIPLE 1: LEADERSHIP

The governing body should lead ethically and effectively.

The board of directors (board) is a collective, and each individual member of the board leads the company with integrity and competence and in a responsible, accountable, fair and transparent manner to ensure leadership that results in achieving Redefine's strategic objectives and positive outcomes over time.

The directors have extensive skills, knowledge and experience in order to ensure proper oversight. The board provides strategic direction, approves relevant policies, and monitors performance and adherence as may be required. The board has delegated certain functions to the relevant committees without abdicating accountability and receives regular reports from the committees.

The board and its committees are guided by a duly approved board charter and committee terms of reference that set out the roles, responsibilities and mandates of each committee and its individual members. A thorough review of the board charter and committees' terms of reference was done in FY22.

The board and its members are held accountable for ethical and effective leadership through annual performance evaluations that monitor, *inter alia*, the board's effectiveness as a team as well as the commitment, performance and ethical characteristics of its individual directors. The board evaluation is externally facilitated every second year as recommended in King IV™. The progress made on the board evaluation feedback is monitored throughout the year (refer to Principle 9).

In accordance with the board's conflict of interest policy, comprehensive registers of individual directors' interests in and outside the company are maintained and updated in terms of the Companies Act, No 71 of 2008 as amended, King IV™ recommendations, and the JSE Listings Requirements. Conflicts of interest are avoided where possible. Where conflicts of interest do arise, these are minuted and the affected director/s recused from the relevant debate and/or decisions.

During the year, the board adopted an anti-money laundering policy, which includes a politically exposed persons (PEP) policy statement. An annual declaration of PEP status by the board was rolled out this year and will be rolled out for employees in FY24.

The board also refreshed the whistle-blowing policy.

The board is satisfied that its practices and policies encourage ethical and effective leadership.

KING IV™ APPLICATION REGISTER continued

PART A: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP continued

PRINCIPLE 2: ORGANISATIONAL ETHICS

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The social, ethics and transformation committee (SET) fulfills a key role in exercising oversight of Redefine's ethics and ensures that the board is sufficiently equipped to deliver on its goal of having a sustainable ethical culture. An annual independent ethics risk survey is conducted to measure the state of ethics within the company. Ethical risks, as identified from time to time, including in the outcome of the annual independent ethics risk survey, are addressed by the SET in detail and monitored until resolved.

In addition, an ethics workshop for the board was part of continued efforts to maintain an ethical culture. The board also considered an organisational culture report to ensure that ethics is adequately entrenched in the organisational culture.

The Redefine code of business conduct is available on the Redefine [website](#).

Ethical standards are embedded in the recruitment, performance evaluation, and reward of employees and governed by the fair and responsible remuneration policy. Compliance with the policy is monitored by the remuneration committee (REM), and interventions on pay differentials are monitored where applicable. Ethics training is conducted annually and as part of the employee induction process.

A whistle-blowing mechanism is in place, which enables employees and outside whistle-blowers to report in confidence their concerns about possible improprieties that may have a direct or indirect effect on the company. The whistle-blowing policy is available on the Redefine [website](#).

PRINCIPLE 3: RESPONSIBLE CORPORATE CITIZENSHIP

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The board ensures that Redefine is, and is seen to be, a responsible corporate citizen. Through its various committees, the board oversees and monitors how Redefine's operations and activities affect its corporate citizenship status. This is measured against performance targets, which are agreed upon with management and in support of approved strategic objectives.

Compliance with the laws of the country throughout the organisation, including the Constitution of South Africa and the Bill of Rights, is non-negotiable.

The approved environmental, social and governance (ESG) strategy aligns with the United Nations Sustainable Development Goals and maps out what we want to achieve by 2030. The strategy is supported by a comprehensive set of targets in the short to medium term, which is monitored internally. During the year, Redefine continued to maintain its responsible corporate citizenship status from an ESG perspective by taking several key actions, which are detailed in the FY23 [ESG](#) report.

The board is satisfied that its current practices, values and ESG strategy demonstrate that the organisation is a responsible corporate citizen.

PART B: STRATEGY, PERFORMANCE AND REPORTING

PRINCIPLE 4: STRATEGY AND PERFORMANCE

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance, and sustainable development are all inseparable elements of the value-creation process.

The board appreciates that the organisation's core purpose, risks and opportunities, strategy, business model, performance, and sustainable development are all inseparable elements of the value-creation process.

The board approves the strategic plan, which includes the mission, vision, purpose and business strategy. The board and committee reports have been enhanced to enable the board to review and monitor progress against strategy and performance regularly. The approved business strategy informs the approval of the annual budget and operational plans set by the executives to ensure the implementation of the strategy.

With the support of the various committees and the executive committee, the board has undertaken various initiatives to further enhance the oversight and monitoring of management's implementation and execution of the policies and procedures developed to give effect to the approved strategy.

Significant progress has been made in the design and implementation of the internal reporting and monitoring framework while cascading the strategic objectives.

PRINCIPLE 5: REPORTING

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.

The board is committed to communicating to stakeholders in an open and transparent manner.

Through the audit committee (AC) the board ensures that the necessary controls are in place to verify and safeguard the integrity of the company's annual reports and other disclosures. Management's determination of reporting frameworks and standards is approved by the AC and the SET, where relevant, to ensure compliance with legal requirements and relevance to stakeholders.

The AC oversees the integrated reporting process and similarly reviews the annual financial statements (AFS). The board approves the integrated report (IR), [ESG](#) report and [AFS](#) after review by the relevant committees. This robust approach enables the board to provide all stakeholders with timeous and relevant information to enable the accurate assessment of Redefine's performance and prospects.

Company updates and financial information are distributed via various channels, and relevant information, including corporate governance disclosures, the [IR](#), [ESG](#) report and [AFS](#), is published on the Redefine [website](#).

The board ensures high-quality disclosure of our financial and operating results. It enriches the usefulness of these disclosures by providing further explanations on critical accounting estimates in addition to the disclosure required by the International Financial Reporting Standards.

COMMITTEES

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



KING IV™ APPLICATION REGISTER continued

PART C: GOVERNING STRUCTURES AND DELEGATION

PRINCIPLE 6: PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The board believes that good governance contributes to sustained value creation and improves the trust and confidence of Redefine's stakeholders. An account of the board's activities during FY23 is set out in the **IR** and describes how the board applied principles of good governance to enable and support Redefine's value-creation process.

The role, responsibilities and procedural conduct of the board have been set out and approved in a board charter, which emphasises the board's role as the focal point and custodian of corporate governance in the organisation. Committee terms of reference and various formal policies reinforce this position. The **IR** discloses the board's satisfaction in terms of meeting its responsibilities.

The board has adopted a fit-for-purpose board charter and terms of reference, which are reviewed regularly. The board charter, committee terms of reference, and work plans align with the Memorandum of Incorporation (Mol), relevant legislation, the JSE Listings Requirements and King IV™ to the extent possible in order to achieve the governance outcomes as stipulated in King IV™. An annual assessment of the level of application of the King IV™ principles is undertaken by the company secretary and the outcomes are independently verified and assured.

The board notes that governance is not a tick-box exercise and that each entity needs to assess the application of best practice governance principles on a fit-for-purpose basis. The board is satisfied with the current application of the King IV™ principles and noted the practices where improvements can be made to ensure that corporate governance within the strategy continues to improve on a year-on-year basis.

Meeting attendance, directors' biographies and committee membership are included in the **IR**.

PRINCIPLE 7: COMPOSITION OF THE GOVERNING BODY

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Board members accept responsibility as the custodians of governance within the group. The board is constituted in terms of the company's Mol, the Companies Act and is in line with King IV™ insofar as possible. The majority of board members are independent non-executive directors who bring diversity to board deliberations and create sustained value by constructively challenging management.

The board uses a skills matrix to support director recruitment and succession planning. The matrix reflects diversity that extends beyond race and gender to include knowledge, skills and experience. The nomination and governance committee (**NOM**) reviewed and updated the board's succession plan framework to reflect critical skills requirements, considering the six capitals and the required skills per capital to ensure a high-performing board.

During the year, two independent non-executive directors were appointed in line with the board succession plan framework.

The **IR** discloses the independent status of the directors and the annual re-election of the chairpersons of the board and its committees. The board is satisfied that it has an appropriate balance of knowledge, skills, diversity and independence.

PRINCIPLE 8: COMMITTEES OF THE GOVERNING BODY

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

The board seeks to maintain strong corporate governance structures and processes by working within a clearly defined governance framework, thereby enabling the delivery of sustainable growth to all our stakeholders. The governance framework promotes the establishment of a board committee structure with the intention of supporting the board in the execution of its duties.

The board has delegated specific authority to each committee and to the chief executive officer (CEO) with clearly defined mandates, while still enabling elective control and preserving its accountability. The roles and responsibilities of each committee are defined in their respective terms of reference, which were reviewed during the year and approved by the board. Brief mandates, committee composition and attendance at meetings are set out in the **ESG** report.

PRINCIPLE 9: EVALUATION OF THE PERFORMANCE OF THE GOVERNING BODY

The governing body should ensure that the evaluation of its own performance and that of its committees, its chairperson, and its individual members support continued improvement in its performance and effectiveness.

The board and committee self-evaluation process allows for the annual assessment of the board's practices and the opportunity to identify areas for improvement. The **NOM** approves the annual board evaluation process, which is externally facilitated every third year.

An independently facilitated board evaluation was concluded in July 2023.

The FY23 board evaluation confirmed that the board and its committees are performing well, with certain areas for improvement identified as set out in the **ESG** report.

The board evaluation will be conducted internally in FY25 in line with the board election to conduct an internal board evaluation every second year. This approach will ensure that the board and its committees have sufficient time to unpack the recommendations, implement their responses, and monitor progress against the actions taken before commencing a new board and committee evaluation process.

PART C: GOVERNING STRUCTURES AND DELEGATION continued

PRINCIPLE 10: APPOINTMENT AND DELEGATION TO MANAGEMENT

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The board approves the appointment of the CEO, executive directors and company secretary.

Executive directors, including the CEO, are required to retire from the board at age 65 and are subject to a three-month notice period.

The CEO does not currently sit on the boards of any other companies other than the South African Property Owners Association (on account of his role in the property industry).

The board considers the talent management, development and succession planning of the executive management team to ensure continuity of leadership. The **NOM** periodically reviews succession plans and provides for succession in emergency situations and over the longer term.

The board delegates authority to executive management, via the CEO, to manage, direct, control and coordinate Redefine's day-to-day business activities and affairs, subject to statutory limits and the other limitations set out in the delegation of authority framework. The delegation is reviewed annually to ensure that there is a focused and balanced approach between governance and strategic matters.

The board continues to enhance the governance structures and delegation by incorporating the Polish operations and the risk, compliance and technology committee (**RCT**) in the group governance framework.

The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

PART D: GOVERNANCE AND FUNCTIONAL AREAS

PRINCIPLE 11: RISK GOVERNANCE

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The board, supported by the **RCT**, is ultimately responsible for the governance of risk of the organisation.

The board ensures that risk management is embedded in key decision-making processes and that such processes incorporate and consider strategy, governance, compliance and performance. For the board, risk management involves achieving an appropriate balance between realising opportunities for gain and minimising the potential adverse impacts of risks.

In line with the progress Redefine is making in maturing its risk and opportunity management, the qualitative organisational health metric has been replaced with a governance key performance indicator (KPI), which measures the level of governance maturity and governance impacts (including risks).

The incorporation of EPP N.V. (EPP) and the alignment of internal controls and related systems, including risk, have successfully been concluded.

Supported by the **RCT**, the day-to-day responsibility for the management of the risk management plan rests with the head of risk and compliance, who reports to the **RCT** and attends all **RCT** meetings.

PRINCIPLE 12: TECHNOLOGY AND INFORMATION GOVERNANCE

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The board, supported by the **RCT**, is responsible for information and technology (IT) governance, in accordance with King IV™. As such, the **RCT** oversees the implementation and review of all relevant IT governance mandates, policies, processes and control frameworks, while ensuring compliance with the standards adopted by Redefine. The head of IT and the chief financial officer brief the **RCT** on information security matters at each committee meeting.

The **RCT** is satisfied that the required processes are in place to ensure timely, relevant, accurate and accessible reporting, communication and data storage, although several initiatives are under way to further improve compliance with all relevant laws, information security practices, and the protection of personal information.

Significant progress has been made, and is continuing, in several areas, including:

- ▶ The digital transformation journey
- ▶ The cybersecurity framework, developed to improve cybersecurity risk management capabilities and manage risk commensurate to Redefine's risk appetite and business objectives
- ▶ Data privacy
- ▶ Board reporting and oversight as part of the development framework
- ▶ The link between technology, information governance and company strategy

In the past year, Redefine experienced attempts to breach its IT systems, but these were managed, and no cybersecurity breach took place during FY23. The company has not taken any cybersecurity risk insurance cover at this point.

PART D: GOVERNANCE AND FUNCTIONAL AREAS continued

PRINCIPLE 13: COMPLIANCE GOVERNANCE

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The board, with the assistance of the **RCT** and **SET**, ensures compliance with applicable laws, regulations, codes and standards. This includes codes such as the principles of the United Nations Global Compact and International Labour Organization and the recommendations of the Organisation for Economic Co-operation and Development regarding corruption.

Compliance systems and processes are in place to mitigate the risk of non-compliance with laws in relevant jurisdictions and ensure appropriate responses to changes and developments in the regulatory environment. The **RCT** receives regular reports on compliance matters and oversees Redefine's compliance programme, while the risk and compliance functions monitor compliance therewith. The arrangements for compliance are set out in various company-wide policies.

Redefine annually submits a Real Estate Investment Trust compliance declaration and compliance certificate to the JSE, confirming its compliance with the JSE Listings Requirements. Further, Redefine submits an annual compliance checklist to the Companies and Intellectual Property Commission. No material penalties, sanctions or fines have been received for contraventions of, or non-compliance with, regulatory obligations during the period under review.

The implementation of reporting against the compliance monitoring plan, approved during the year, will be implemented in the ensuing financial year.

PRINCIPLE 14: REMUNERATION GOVERNANCE

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.

Through the **REM**, the board ensures that Redefine's remuneration is appropriately designed, fair and market-related to drive and retain high-calibre employees who positively contribute to our strategic objectives. The board believes that remuneration supports Redefine's employment philosophy of attracting self-starting, skilled employees who subscribe to Redefine's values and our culture of enterprise and innovation.

The directors, executives and employees are remunerated responsibly in line with the remuneration policy. The board is satisfied that the remuneration policy achieves its objectives.

The remuneration report is set out in the **ESG** report. A non-binding advisory vote in the remuneration policy and implementation report is tabled at the annual general meeting for shareholder approval.

PRINCIPLE 15: ASSURANCE

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The board has delegated oversight of, *inter alia*, the effectiveness of the company's assurance services with a focus on combined assurance to the **AC**. This includes the external and internal audit and the finance function as well as oversight of the integrity of the **IR** and **AFS**.

Redefine adopted the four-lines-of-assurance approach to optimise our risk and assurance efforts. Assurance includes executive and senior management monitoring and oversight, internal audit and external assurance providers.

Our combined assurance framework and plan aims to integrate and coordinate the assurance provided by internal and external assurance providers on risks the company faces. The level of comfort with the effectiveness of the combined assurance model has improved. The appointment of BDO South Africa (internal auditors) has enhanced our combined assurance. The group approach to combined assurance will be further enhanced following the to deepen the integration of EPP.

PART E: STAKEHOLDER RELATIONSHIPS

PRINCIPLE 16: STAKEHOLDERS

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders and the best interests of the organisation over time.

The board encourages proactive engagement with shareholders, including engagement at the company's annual general meeting. Directors are available at the annual general meeting to respond to shareholders' queries on how the board executed its governance duties.

The board, through the **SET**, approves Redefine's stakeholder engagement strategies, systems and processes, which enable management to understand and respond to stakeholders' legitimate concerns, form collaborative partnerships to find solutions to collective challenges, and drive development in the communities in which Redefine operates.

The revised stakeholder engagement strategy and matrix have been successfully implemented, and stakeholder relationships are monitored and reported on every quarter.

During the year, significant strides were made in enhancing stakeholder engagement and risk management through various initiatives. Workshops were concluded to thoroughly review the stakeholder universe, and the outcomes have been incorporated into the decision-making process. Stakeholder-specific risks are planned to be incorporated into the enterprise-wide risk register. Annual surveys on primary stakeholders are being done and the finalisation of scorecards is in progress.

PRINCIPLE 17: RESPONSIBILITIES OF INSTITUTIONAL INVESTORS

The governing body of an institutional investor should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests.

This principle is not applicable to Redefine.

www.redefine.co.za



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