Environmental

Opting for the upside

REDEFINE PROPERTIES

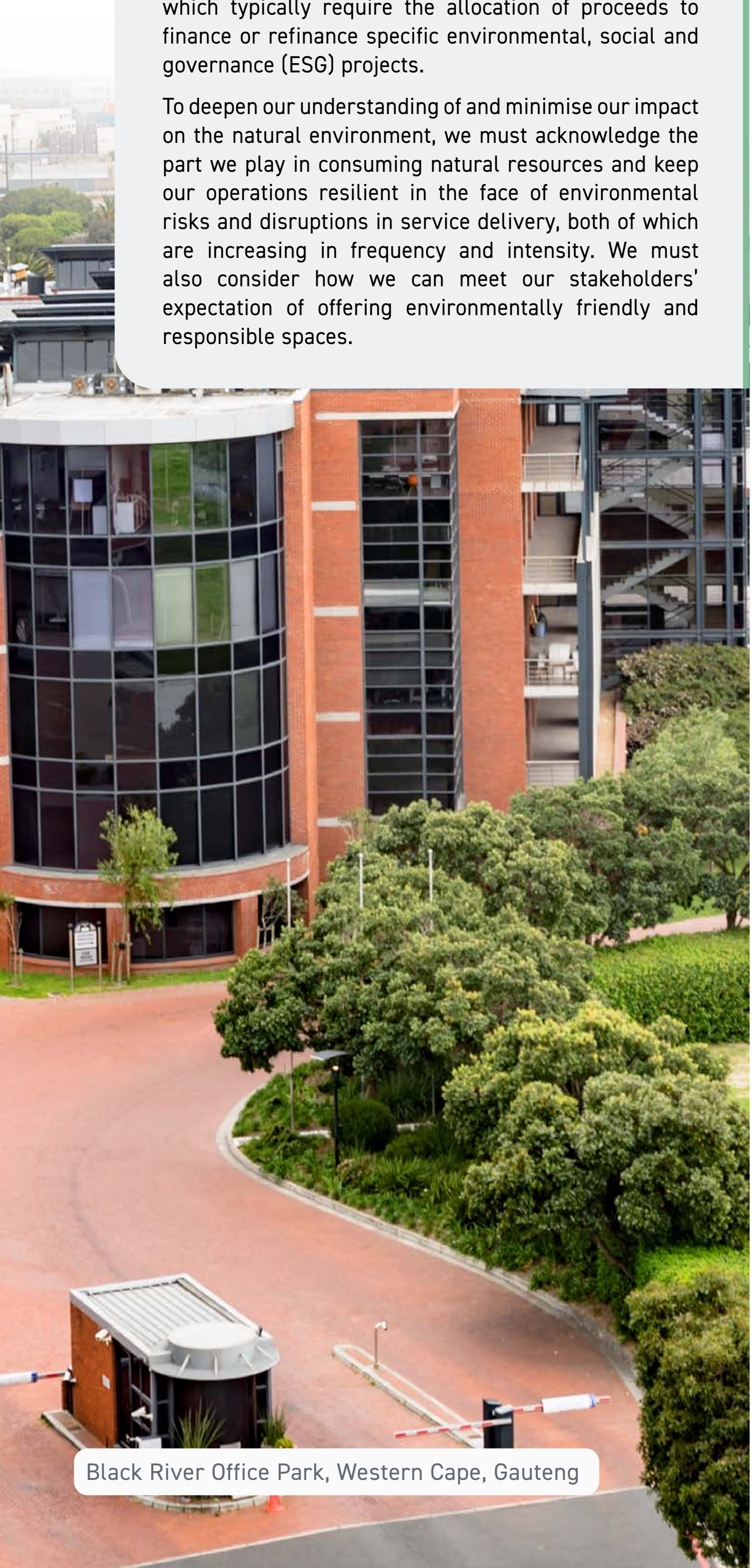
We're not landlords. We're people.

Introduction

Our environmental stewardship is driven by a need to ensure the long-term sustainability of the business and fulfil our obligation to society as a responsible corporate citizen.

Environmental responsibility continues to rise in prominence, with companies needing to respond with agility to meet growing investor, tenant, employee and societal expectations. Our commitment to being environmentally responsible is further encouraged by the increasing demand for green and sustainability bonds by asset owners and institutional investors, which typically require the allocation of proceeds to finance or refinance specific environmental, social and governance (ESG) projects.

To deepen our understanding of and minimise our impact on the natural environment, we must acknowledge the part we play in consuming natural resources and keep our operations resilient in the face of environmental risks and disruptions in service delivery, both of which are increasing in frequency and intensity. We must also consider how we can meet our stakeholders' expectation of offering environmentally friendly and responsible spaces.



Black River Office Park, Western Cape, Gauteng

ENVIRONMENTAL INDEX

View our full FY23 **ESG** report

ENVIRONMENTAL REPORTING BOUNDARIES

Having established organisational scope and boundaries as part of our annual carbon footprint assessment, we have historically followed an operational control approach, which allows us to account for emissions from operations under our direct control. During FY23, we included electricity and water consumed in our outside managed properties in South Africa in our Scope 3 emissions, specifically under category 15: Investments. As EPP has a different energy market, the direct comparability of its carbon footprint data to ours is limited, and, therefore, EPP will continue to publish a separate carbon footprint assessment.

We began aligning our disclosure with the SASB Real Estate Standard in 2020 (which forms the basis of the International Sustainability Standards Board's Industry-based Guidance for IFRS S2 for Real Estate (the Industry-based Guidance)) in order to report in terms of the determined accounting metrics for the relevant industry disclosure topics.

Our activity metrics are based on parameters set out in the Industry-based Guidance with the following clarifications:

NUMBER OF ASSETS	LEASABLE FLOOR AREA	INDIRECTLY MANAGED ASSETS	AVERAGE OCCUPANCY
▶ Our number of assets is not limited to the operational control boundaries that apply to our carbon footprint assessment ▶ All properties (aligned with the **AFS**) are included in our activity metrics. Therefore, these metrics exclude properties disposed of during FY23. This methodology best aligns with the GRESB Real Estate Assessment Reference Guide, which is used as a normative reference under the Industry-based Guidance	▶ We used gross lettable area (GLA) and not leasable floor area as defined in the Industry-based Guidance. Using GLA better aligns with best practice for South African Real Estate Investment Trusts (REITs)	▶ All single-tenanted properties are included as indirectly managed assets. As we progress on our journey, we will refine and improve alignment with the reporting metrics for Industry-based Guidance, which note that the classification of indirectly managed properties is solely based on the landlord/tenant relationship	▶ Average occupancy is calculated as the weighted average occupancy for a 12-month period

Note: Numbers reported using the Industry-based Guidance may vary from those used in our carbon footprint reporting, based on the difference in the operational control approach.

CARBON FOOTPRINT

Our annual carbon footprint follows the Greenhouse Gas (GHG) Protocol, including emissions from operations under our direct operational control. From FY23 onwards, electricity and water consumption from buildings outside of our operational control will be included in Scope 3 category 15: Investments. Our GHG inventory was developed in terms of the GHG Protocol Corporate Accounting and Reporting Standard, and we apply the ISO 14064-3 international standard for GHG verification. The following must be noted about our GHG inventory methodology:

For Scope 2 and 3 emissions associated with electricity purchases, we measure our emissions as follows:

SCOPE 2	SCOPE 3
Electricity purchased emissions include the total building MWh minus total MWh billed to tenants (including portions of electricity for shared services)	**Tenant electricity emissions** include the total MWh billed to tenants (including portions of electricity for shared services)

Our FY23 carbon footprint assessment was independently verified at a limited level in terms of the following GHG assertions:

- Conformance with the general requirements of the GHG Protocol Corporate Accounting and Reporting Standard
- Completeness and accuracy of the calculated emissions for FY23

Our FY23 carbon footprint assessment was conducted following the operational control approach accounting for emissions from operations under our direct control.

Our FY23 carbon footprint assessment report can be found **here**.

CDP CLIMATE CHANGE

Climate change resilience is an essential priority for Redefine.

For more information, see our FY23 **CRR**.

CDP results

The CDP climate change questionnaire allows us to measure our overall climate readiness compared to local and international comparator companies. We are also committed to minimising our use of water – a precious resource in a water-scarce country. The CDP water questionnaire allows us to measure the depth of this commitment as well as the water-related risks and opportunities that the business faces. As the CDP climate and water results will only be published in January 2024, we have not published them this year.

DRIVING BEHAVIOURAL CHANGE THROUGH ENGAGEMENT

ENGAGING WITH TENANTS

We have developed a green guideline for our tenants in Green Star certified buildings to provide a best practice framework. In addition, we have developed a green lease framework on a per-sector basis that aims to set mutually agreed environmental goals and provide tenants with shared incentive structures to accelerate the reduction of our Scope 3 emissions. The framework focuses on:

- Rental agreements with tenants wherein they commit to or receive incentives by participating in clearly defined sustainability-related initiatives
- Providing structure and assigning responsibilities to achieve the ultimate goal of reducing a building's environmental impact
- Both parties committing to improved environmental performance and sharing data

Pleasingly, our green lease frameworks for each sector were completed during FY23.

ENGAGING WITH EMPLOYEES

We have made significant progress in integrating ESG practices throughout our business units and engaged with employees to improve environmental protection awareness through workshops and training; some of these were for general staff but functional training interventions were also introduced for specific departments. More information can be found on page 65 to 71 of the FY23 ESG report. This will improve as we implement our refreshed target-based approach to managing our environmental impact. We have also developed environmental key performance indicators for key employees who are responsible for implementing our environmental strategy.

Management of tenant sustainability impacts

As we progress in the alignment of our environmental reporting to the Industry-based Guidance, we will enhance our efforts to enable reporting on the following metrics:

1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements by subsector	(IF-RE-410a.1)
2	Associated leased floor area of new leases that contain a cost recovery clause for resource efficiency-related capital improvements by subsector	(IF-RE-410a.1)

FY23 developments

Our Scope 3 emissions calculations allow us to determine which of our tenants are high consumers from an energy and water perspective. Engagements with our tenants to improve their environmental impacts, for example, through advising on LED lighting and heating, ventilation and air-conditioning (HVAC) retrofits, continued during FY23. We are also encouraging our tenants to get involved with site-level environmental initiatives, such as building-level waste management plans, to coordinate our sustainability efforts in multitenanted spaces. We intend on using the green lease framework to set mutually agreed upon targets for us and our tenants to reduce our carbon emissions at an asset level. Our approach to incentivising tenants for sustainability-related improvements to their spaces is described in the FY23 **ESG** report; it will be developed further during FY24 as our green lease negotiations progress with key tenants.

THE RENEWABLE ENERGY IMPERATIVE

Our approach to solar PV

We believe that solar power is one of the most cost-effective, efficient and environmentally friendly ways to generate our own electricity.

Due to increasing energy supply issues, as a result of loadshedding in South Africa, and the fact that according to the 2022 Climate Transparency Report, South Africa has the most emissions-intensive power sector in the G20*, solar-powered energy is established as an attractive investment. We continue to hold our position as one of the REITs with the largest solar PV footprint in South Africa.

Solar power does not produce emissions or contribute to noise pollution and has the added benefit of shielding our buildings from direct sunlight and further lowering grid-supplied energy consumption. Renewable technology has also improved significantly in recent years, reducing the overall cost of implementation. Redefine has invested primarily in solar PV solutions to date due to the scalability and superior financial returns of the technology compared with other smaller-scale renewable energy solutions.

In FY23, we continued to proactively engage with relevant industry bodies and government about our position on small-scale renewable projects. Since the regulatory cap on generation capacity was lifted in 2021, we have implemented more ambitious on-site renewable energy installations and further reduced our reliance on grid-supplied electricity. However, as we maximise the use of available roof space in the portfolio, any further significant expansion from FY26 onwards will require the local municipalities in which our properties are located to allow for wheeling to take place.

** Climate Transparency Report 2022: Comparing G20 Climate Action*

Refer to our ESG report for details

THE RENEWABLE ENERGY IMPERATIVE
continued

The table below shows the renewable energy produced by each of our plants and the resulting carbon emission savings.

	Building	Current capacity (MWp)	Total renewable energy generated (MWh)		tCO_2e savings	
			FY23	FY22	FY23	FY22
RETAIL	**GAUTENG**					
	Wonderboom Junction	1.15	**1 071**	1 432	**1 082**	1 517
	The Boulders Shopping Centre	2.20	**2 473**	1 486	**2 498**	1 575
	East Rand Mall	0.46	**1 246**	691	**1 259**	733
	Stoneridge Centre	2.50	**3 065**	3 764	**3 095**	3 990
	Horizon Shopping Centre	1.10	**1 150**	4 008	**1 161**	4 248
	Centurion Lifestyle Centre	2.93	**3 589**	1 472	**3 625**	1 560
	Park Meadows	1.90	**1 792**	2 220	**1 810**	2 353
	Gateway Corner	0.75	**1 011**	1 099	**1 022**	1 165
	Hillcrest Boulevard	0.49	**633**	713	**639**	756
	Golden Walk	1.99	**2 659**	2 090	**2 685**	2 215
	Cradlestone Mall	0.41	**1 294**	558	**1 306**	591
	Chris Hani Crossing	0.66	**1 474**	617	**1 489**	654
	Kwena Square	0.76	**716**	135	**723**	–
	Mall of the South	5.16	**3 805**	–	**3 843**	–
	Centurion Mall	1.34	**736**	–	**743**	–
	Kyalami Corner	1.17	**1 505**	–	**1 520**	–
	Mall of the South (MOTS)	5.16	**3 805**	–	**3 843**	–
	NORTH WEST					
	Matlosana Mall	5.18	**6 264**	4 038	**6 327**	4 280
	WESTERN CAPE					
	Kenilworth Centre	0.79	**909**	983	**918**	1 042
	FREE STATE					
	Goldfields Mall	0.92	**1 182**	1 407	**1 194**	1 491
	KWAZULU-NATAL					
	Southcoast Mall	1.24	**213**	–	**215**	–
OFFICE	**GAUTENG**					
	90 Grayston Drive	0.05	**85**	83	**86**	87
	90 Rivonia Road	0.11	**170**	168	**171**	178
	Rosebank Corner	0.09	**118**	146	**120**	155
	AMR Office Park	0.25	**300**	377	**303**	400
	Clearwater Office Park	0.55	**590**	791	**596**	839
	Loftus Park	0.14	**422**	212	**427**	225
	Oxford House	0.03	**–**	–	**–**	–
	Rosebank Towers	0.10	**350**	65	**354**	69
	Ballyoaks Office Park	0.44	**633**	647	**640**	686
	Avon (tenant-owned)	0.26	**266**	–	**268**	–
	WESTERN CAPE					
	Black River Office Park	0.96	**1 218**	1 276	**1 230**	1 352
	Observatory Business Park	0.60	**791**	859	**799**	911
	Wembley Square 1	0.49	**629**	678	**635**	719
	Wembley Square 3	0.06	**85**	79	**85**	84
INDUSTRIAL	**GAUTENG**					
	MIFA Industrial Park	0.68	**770**	921	**778**	976
	8 Jansen Road	0.21	**317**	82	**320**	87
	S&J Industrial Estate – Stampmill	0.90	**1 129**	157	**1 140**	167
	City Deep 45 and 46 (tenant-owned)	–	**515**	–	**520**	–
	2 Lake Road	0.23	**222**	–	**224**	–
	Supreme Industrial Park	0.30	**254**	–	**257**	–
	Nasrec Road Aeroton	0.05	**–**	–	**–**	–
	Schneider Midrand (tenant-owned)	–	**106**	–	**107**	–
	WESTERN CAPE					
	Brackengate – Brights Hardware	0.07	**194**	**–**	**196**	–
	KWAZULU-NATAL					
	18 Halifax Road	0.33	**294**	–	**297**	–
	Total	34.8 (excluding MOTS) 40.0 (including MOTS)	42 441 (excluding MOTS) 46 246 (including MOTS)	34 831	42 865 (excluding MOTS) 46 708 (including MOTS)	36 921

** Expansions are not shown separately and are included in building total*

OUR GREEN BUILDING APPROACH

Green buildings promote the efficient use of water, energy and materials.

We believe that green building principles, which incorporate many aspects of net zero, should be adopted across our portfolio irrespective of the certification status of each building. We reflect this in our commitment to ensure that all new office developments achieve a minimum 4 Star Green Star certification or above as well as in our annual targets for securing new certifications and recertifications across the portfolio. The following table summarises our holistic green building approach and progress during the year.

OUR HOLISTIC GREEN BUILDING APPROACH

FOCUS AREA	DESCRIPTION	PROGRESS DURING THE YEAR
Indoor air quality and thermal comfort	Measure volatile organic compounds (VOC), carbon dioxide, carbon and degrees Celsius to improve air quality and thermal comfort for higher occupancy productivity	Pre-certified GBCSA approved internal air quality management plan implemented in several Green Star SA certified buildings to date. In addition, we have installed five indoor air quality sensors in as many office buildings as part of the rollout of our smart building programme
Low-emitting materials	Using non-toxic materials such as low-VOC compound paints improves air quality and environmental impact	Pre-certified GBCSA approved green procurement policies implemented in several Green Star SA certified buildings to date
Alternative transport opportunities	Reduce carbon emissions through availability and access to shared or alternative transport opportunities	Pre-certified GBCSA approved green travel plan implemented in several Green Star SA certified buildings to date
Energy-efficient lighting	Lower energy costs and improved light quality for occupants	12 560.8MWh savings in FY23 (FY22: 7 046.8MWh) due to LED lighting retrofit projects
Green cleaning	Using biodegradable products reduces environmental impact of buildings	Pre-certified GBCSA approved policy implemented in several Green Star SA certified buildings to date. We are in discussions with our on-site cleaning suppliers to use non-toxic cleaning materials across our operationally controlled buildings
Water efficiency	Reduce the amount of water consumed in our buildings	Implemented low-flush toilets across 21 buildings during FY23 as part of our phase 2 rollout, together with aerator taps, to achieve an efficiency-based water saving. Five rainwater harvesting installations to be rolled out – we aim to do so during the first half of FY24
Operational efficiency	Smart operations decrease natural resource waste and increase equipment lifespan	Pre-certified GBCSA approved policy for landscaping, hardscaping, storm water and pest management implemented in several Green Star SA certified buildings to date
Waste-to-value opportunities	Recycling and reusing waste to generate heating, cooling and energy while reducing waste sent to landfill	Fifth comprehensive waste footprint conducted with 39% (2022: 39%) of our total GLA managed by outsourced waste management contractors who recycled 41% (2022: 41%) of collected waste. We have implemented a waste management supplier rationalisation and recycling plan across 90 buildings, which will be expanded in phases during FY24
Green tenant guidelines	Solutions to mitigate water security and quality risks and encourage tenants to pursue sustainable environmentally friendly practices	Developed tenant green guideline with best practice environmental framework implemented in several Green Star SA certified office buildings. This will be supported by the green lease frameworks that were finalised during FY23
Acoustics	Improved acoustics increase occupancy comfort with quiet HVAC systems and sound-absorbing materials	Pre-certified GBCSA approved operational guideline implemented in several Green Star SA certified buildings to date

DEVELOPMENT IN FOCUS

Our approach

We are driven by our commitment to create the world's smartest and most sustainable spaces, a vision that integrates an ESG mindset into how we approach developments. As a reflection of this, we aim for all new office developments to achieve a minimum of 4 Star Green Star ratings, aligning our actions with the best green building standards and international best practices.

Redefine adopts an organic growth strategy for our asset base. While we possess a significant pipeline of industrial land ready for development, we remain open to exploring opportunities across all sectors. Generally, we develop on brownfields unless there are suitable opportunities for greenfield developments; in disposals of vacant land we also differentiate between greenfields and brownfields.

Our comprehensive ESG strategy for development spans a multitude of crucial areas, which are set out below.

Designing for resilience

We focus on harnessing renewable energy, designing for resilience, and ensuring that our practices, from site selection to procurement, are sustainable. Waste management and water consumption are addressed, reflecting our overall objective of sustainability across the life cycle of our properties. We are also actively engaged in ongoing consultations to ascertain how to determine the embodied carbon footprint for new developments, which will also be incorporated into our long-term net zero strategy.

As sustainable building practices gain prominence, the water efficiency of HVAC systems is paramount. While HVAC systems are often viewed through the lens of energy consumption and indoor air quality, their role in water consumption is equally pivotal. As global water scarcity issues intensify, understanding and addressing the water usage of HVAC systems become paramount in developing sustainable buildings.

Waste management

Our approach to brownfield developments is increasingly rooted in the principles of a circular economy. Brownfield developments involve the reuse or redevelopment of previously developed land. In light of the significant amounts of construction waste in local landfills, our brownfield development strategy seeks to ensure that salvaged materials are not discarded as waste when infrastructure is removed or buildings are refurbished. Instead, salvage contractors are employed to repurpose materials such as carpet tiles, air-conditioning components, and light fittings. These materials then enter the second-hand building material market. Other recyclables are sold at recycling depots, and brick and concrete elements are crushed for civil work, reducing material and transport costs. Certain elements can also be repurposed or reused within our projects or by other stakeholders in the community.

In greenfield developments, waste is kept to a minimum. Contractor payments are based on actual work measured, and best-in-class suppliers are appointed to limit waste from over-ordering. We strive to adhere to Green Star principles for greenfield projects to preserve and safeguard the ecosystem during development.

Health, safety and wellbeing

Redefine takes safety on our construction projects seriously, maintaining an impressive safety record. We appoint our safety officer and also mandate contractors to designate one. Strict site protocols, encompassing personal protective equipment usage and safe operational practices, are consistently enforced. This diligence ensures that employees are equipped with the essential skills and safety measures, minimising the risk of injuries on our construction sites.

In our development projects, occupant health and wellbeing are of paramount importance. We incorporate measures such as conducting a health impact assessment and employing an integrated planning process. This holistic approach ensures that the design and functionality of our projects prioritise and promote the health and wellbeing of the occupants.

When building to specification, we consider the unique needs of our tenants, especially if they have specific waste or health-related requirements. For situations involving specialised needs, such as treating hazardous waste for production facilities, we hire specialists to ensure compliance with applicable laws and meet the tenant's precise specifications.

DEVELOPMENT IN FOCUS continued

Socioeconomic factors

Redefine is committed to responsible and inclusive supplier selection for our developments. Our focus remains on partnering with BBBEE level 1 and 2 suppliers who are members of relevant professional bodies and have the required qualifications to deliver the goods or services required. By adhering to our procurement process when appointing service providers, we ensure quality and mitigate the risks associated with bribery and corruption.

For each new project, we proactively identify local stakeholders and interested parties seeking employment opportunities in the vicinity. Recognising the significance of community integration and empowerment, we appoint a community liaison officer via the main contractor. This liaison serves as a bridge, facilitating engagement between us and the community to formalise the employment process, gauge the community's skill set, and determine the necessary skills development to bolster employment from within the community.

Redefine is committed to enhancing public transport accessibility in its developments, recognising its direct influence on property value and convenience. In our precinct developments, we proactively incorporate designated pick-up points for public transport. This integration not only strengthens the connectivity and convenience of our properties but also caters to the broader community, emphasising sustainable transportation options.

Environmental stewardship

Environmental requirements for on-site contractors during developments are stringent. The chosen environmental management tools must be tailored to the specific nature of the development, ensuring that they support well-informed, unbiased decisions that mitigate environmental impacts. These tools aim to limit harm, enhance positive outcomes, and align with the national ecological principles outlined in the National Environmental Management Act, No 107 of 1998.

Moreover, the principle of ecologically sustainable development is vital, emphasising development options that balance social and economic goals without harming our natural ecosystems. This approach nudges us towards a greener, sustainable and low-carbon economy.

Before any development, an environmental impact assessment (EIA) is crucial. EIAs evaluate all potential environmental implications, guiding the development plan to ensure it follows the best environmental practices. In essence, development is a delicate balance between progress and ecological preservation.

DEVELOPMENT IN FOCUS continued

Building materials

As we transition to a low-carbon economy, our overarching ESG strategy includes environmentally friendly building materials, especially in new developments.

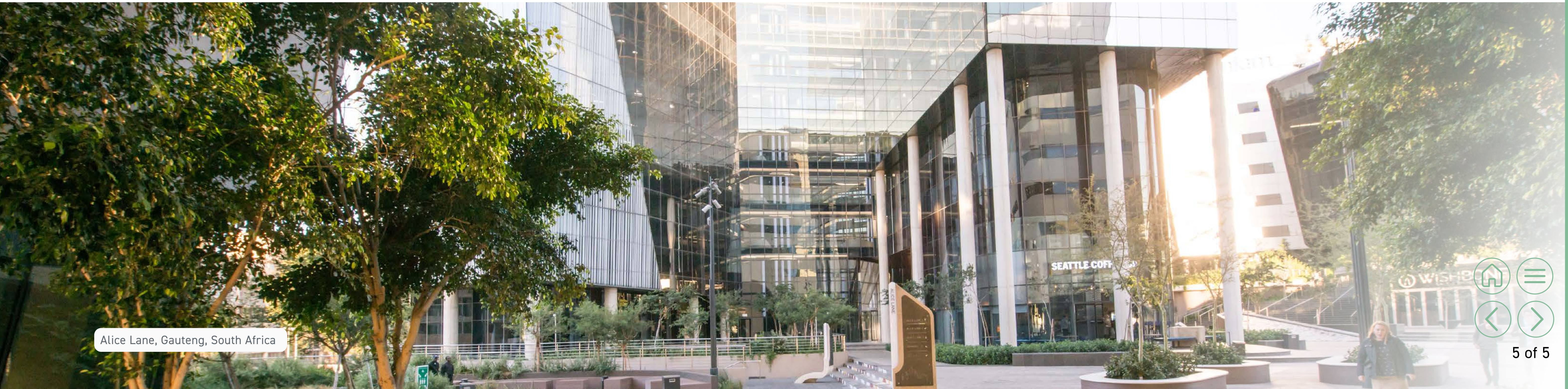
Our cradle-to-grave approach currently focuses on reducing carbon emissions during the operational life of the building and explores circularity principles, including the end-of-life assessment. Going forward, our cradle-to-grave approach will include the implementation of life cycle impact assessments and focus on measuring the embodied carbon footprint of our activities and materials during the development phase of the life cycle of our properties (the timing thereof is set out in our net zero pathway). We are also committed to improving our understanding and management of environmental risks associated with our building material supply chain. Note that these commitments are based on the ability of our key materials suppliers during the development stage to provide us with the level of verifiable data required to calculate embodied carbon emissions.

In future, we will take steps to focus on building materials used in our existing buildings, which may be associated with tenant fit-outs. In our endeavours to shift behaviour, we issue green tenant guidelines that are in line with Green Star principles, encouraging consideration of the use, reuse, recycling and discarding of building materials.

We consider the following in our building materials:

1. Low-VOC and low-embodied carbon materials
2. Externally certified and eco-labelled materials and products
3. Locally extracted and produced materials
4. Reducing waste through reusing and recycling materials

Our no-deforestation commitment in the South African commercial development context means we avoid using timber as a structural building material. As reusable formwork becomes more affordable, timber becomes less desirable as the material of choice. We estimate that no more than 0.5% of the total construction cost of any project is spent on timber for formwork. If we use timber, it is locally sourced and certified by the South African Forestry Assurance Scheme, South African Bureau of Standards and ISO 140001. We also follow Green Star certification guidance in this regard.



Alice Lane, Gauteng, South Africa