



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**SUSTAINABLE SPACES** Creating smart, good, interactive and safe spaces



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SUSTAINABLE SPACES

# Creating smart, good, interactive and safe spaces



# ESG PERFORMANCE HIGHLIGHTS

<p><b>ENVIRONMENTAL</b></p>  <p>NATURAL CAPITAL</p>	<p>A NET-ZERO STRATEGY IS IN PLACE TO HELP GUIDE ESG INTEGRATION</p>	<p>ACHIEVED NET-ZERO WASTE READINESS IN 2022</p>	<p>IMPLEMENTED COMMERCIALY VIABLE RECYCLING SOLUTIONS</p>	<p>REDUCED WATER CONSUMPTION BY 2.3% IN 2022</p>	<p>SOLAR INSTALLATION OF 1 MW[AC] WAS COMPLETED AT LIBERTY PROMENADE MALL DURING THE YEAR 2022</p>
<p><b>SOCIAL</b></p>  <p>SOCIAL AND RELATIONSHIP CAPITAL</p>	<p>Level 1 B-BBEE SCORE ACHIEVED ON 28 MARCH 2023</p>	 <p>R501 761 CSI spent ON VARIOUS SOCIAL INITIATIVES</p>	<p>R838 462 SPENT ON ENTERPRISE DEVELOPMENT</p>		
<p><b>SOCIAL</b></p>  <p>HUMAN CAPITAL</p>	<p>90.2% PEOPLE RETENTION</p>	<p>OVER 80 YEARS</p>	<p>OF PROPERTY EXPERIENCE AMONG THE EXECUTIVE TEAM</p>		
<p><b>GOVERNANCE</b></p>  <p>GOVERNANCE</p>	<p>COMMITTEE COMPOSITIONS REVIEWED</p> <p>THE BOARD IS COMPRISED OF 55% BLACK AND 45% WHITE DIRECTORS; WITH BLACK FEMALE DIRECTORS NOW COMPRISING 45% OF THE BOARD, AND FEMALE DIRECTORS COMPRISING 55% OF THE BOARD</p>	<p>ESTABLISHED ROBUST BOARD AND MANAGEMENT GOVERNANCE STRUCTURES</p> <p>JOSÉ SNYDERS WAS PROMOTED TO CHIEF COMMERCIAL OFFICER ON 1 MARCH 2023</p>	<p>SAFEGUARDED L2D'S CULTURE OF ETHICAL LEADERSHIP</p> <p>BARBARA MAKHUBEDU STEPPED DOWN AS LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR ON 23 FEBRUARY 2023 AND WAS APPOINTED AS CHIEF FINANCIAL OFFICER ON 1 MARCH 2023</p>	<p>SUCCESSION PLANNING WAS ADDRESSED THROUGH THE APPOINTMENT OF THREE NEW AFRICAN FEMALE DIRECTORS TO THE BOARD; NAMELY NONHLANHLA MAYISELA, ITUMELENG DLAMINI AND PHILISIWE MTHETHWA</p> <p>PETER NELSON WAS APPOINTED AS LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR ON 23 FEBRUARY 2023</p> <p>YONGIE NTENE WAS APPOINTED AS CHIEF PEOPLE AND CULTURE OFFICER</p>	





# OUR ESG FOCUS AREAS

**We intend to create sustainable spaces that align with our purpose.**

For more information about our material matters, please read pages 11 to 12.



**We have identified specific environmental sustainability priorities that require our focus, including:**

- Assessing our climate and water-related risks and opportunities.
- Achieving Green Star SA certifications to validate the overall environmental performance of our properties.
- Continuous investment in long-term renewable energy solutions and water-efficiency projects.
- Implementing environmentally sustainable policies.
- Improving waste management efforts to reduce waste-to-landfill from buildings.
- Raising environmental awareness with our stakeholders.
- Understanding how our business impacts the climate and environment.



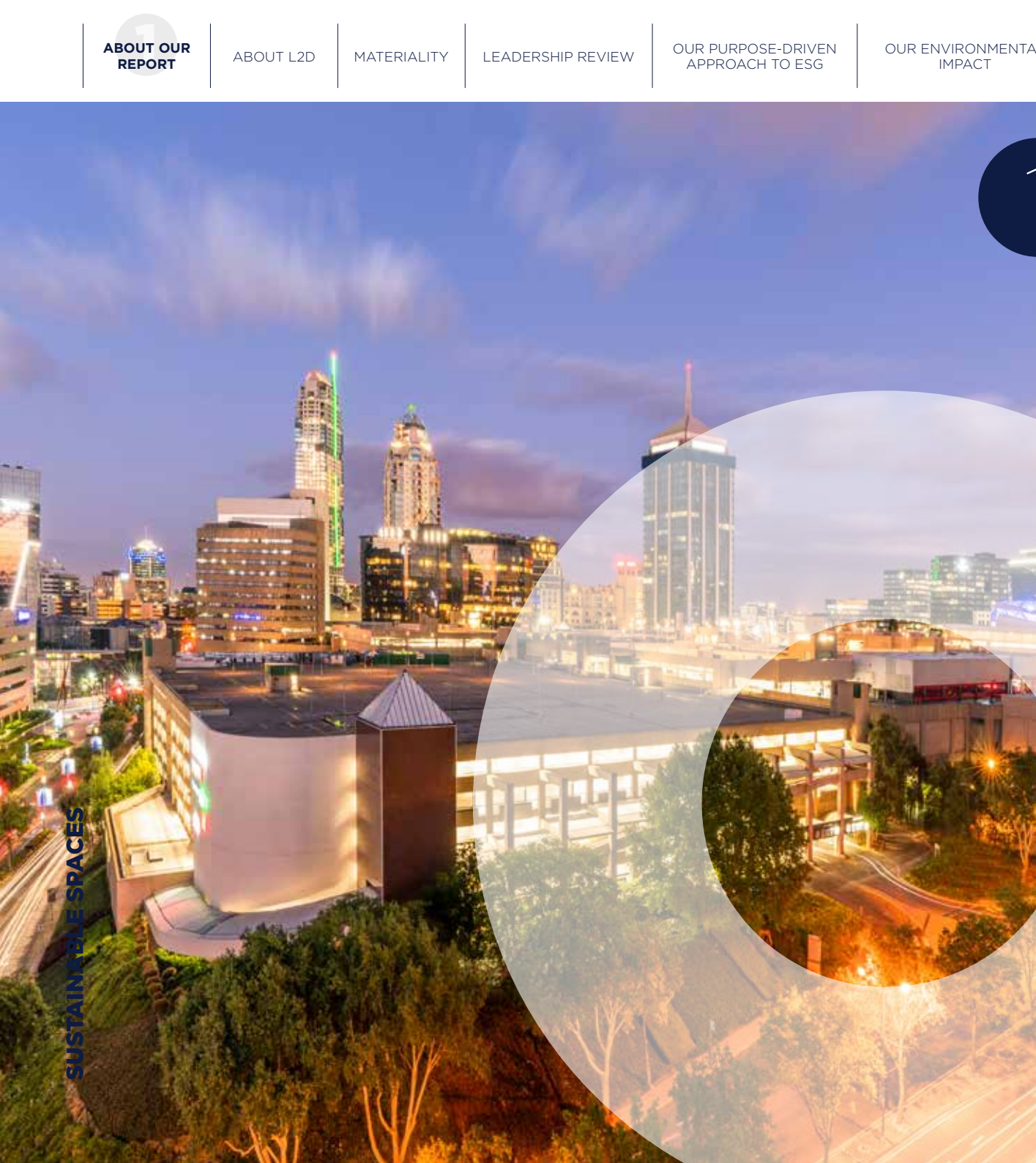
**By connecting stakeholder needs to social impacts, we focus on the following:**

- Giving back to our communities.
- Improving L2D working conditions.
- Improving our B-BBEE compliance.
- Promoting community engagement to manage expectations.
- Promoting diversity, equality and inclusion within our working teams.
- Promoting skills development and wellbeing.



- Continued focus on governance practices and ethical conduct to mitigate risks.
- Incorporating ESG practices into our business strategy to positively strengthen our balance sheet.
- Managing ESG-related risks to mitigate against reputational harm.





SUSTAINABLE SPACES

1

# ABOUT OUR REPORT

## SANDTON CITY

6 STAR GREEN-STAR RATING

### IN THIS SECTION




- 4 ABOUT OUR INTEGRATED REPORTING SUITE
- 5 ABOUT OUR ESG REPORT
- 6 REPORT NAVIGATION



# ABOUT OUR INTEGRATED REPORTING SUITE

**We are pleased to present our reporting suite for the year ended 31 December 2022. This suite provides us with an opportunity to share our achievements, progress and future as we strive to create experiential spaces to benefit generations.**

We are committed to transparent reporting to our broad range of stakeholders. Our reporting suite is also supplemented by various online publications, stakeholder communications and additional information, and is available at [www.liberty2degrees.co.za](http://www.liberty2degrees.co.za).

	Description	Frameworks, standards or codes	Assurance provider
	<p><b>Our Integrated report ("IR")</b> is the primary report to our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value creation story.</p> <p>This report offers a holistic assessment of the Group's approach to value creation. The report considers the issues that are material to our commercial viability and legitimacy to enable us to deliver on our purpose in the short, medium and long term. Where applicable, information in this report was extracted from other reports, including the ESG report that forms part of the IR.</p>	<ul style="list-style-type: none"> <li>The Companies Act, 71 of 2008, as amended (the Companies Act).</li> <li>Johannesburg Stock Exchange Limited ("JSE") Listings Requirements.</li> <li>International Integrated Reporting Framework (Integrated Reporting Framework).</li> <li>International Financial Reporting Standards ("IFRS").</li> <li>King Report on Corporate Governance™ for South Africa, 2016 (King IV)<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Assurance was provided on our Broad-Based Black Economic Empowerment ("B-BBEE") by BDO South Africa Services (Pty) Ltd.</li> <li>Information technology ("IT") governance information is assured by internal audit, JHI Retail and Liberty Group IT.</li> </ul>
	<p><b>Our Environmental, Social and Governance ("ESG") Report</b> is a detailed account of L2D's holistic performance for the year, covering environmental, social and governance elements.</p> <p>This report provides details on L2D's ESG impacts and how these contribute to the Group's long-term sustainability and ability to achieve its purpose.</p>	<ul style="list-style-type: none"> <li>King Report on Corporate Governance™ for South Africa, 2016 (King IV).</li> <li>GRI standards.</li> <li>Task Force on Climate-related Financial Disclosures ("TCFD").</li> <li>The voluntary JSE Sustainability Disclosure Guidance published in June 2022.</li> </ul>	<ul style="list-style-type: none"> <li>PwC assured the carbon emission of the Liberty portfolio on a 100% ownership basis.</li> <li>Refer to LHL's ESG report for assurance from PwC.</li> <li>Please refer to L2D's ESG report for further detail.</li> </ul>
	<p><b>Our Annual Financial Statements ("AFS")</b> provides a comprehensive report on L2D's financial performance for the year.</p>	<ul style="list-style-type: none"> <li>International Financial Reporting Standards ("IFRS").</li> </ul>	<ul style="list-style-type: none"> <li>PricewaterhouseCoopers Inc. (PwC).</li> </ul>
<p><b>Notice of Annual General Meeting</b></p>	<p><b>The Notice of Annual General Meeting ("AGM")</b> provides supporting information for shareholders to participate in the AGM.</p>	<ul style="list-style-type: none"> <li>King Report on Corporate Governance™ for South Africa, 2016 (King IV).</li> <li>The Companies Act, 71 of 2008, as amended (Companies Act).</li> </ul>	<ul style="list-style-type: none"> <li>Merchantec Capital.</li> </ul>

<sup>1</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.





# ABOUT OUR ESG REPORT

**We are pleased to present our ESG report, it offers a detailed account of L2D’s performance in terms of ESG elements, while also supplying relevant information to our broader stakeholders.**

Alongside our 2022 IR, this report is intended to provide a holistic picture of our impact on value in the short, medium and long term. While our Integrated Report is aimed primarily at providers of financial capital, this report is intended for a broader audience.

This demonstrates how we deliver on our purpose of creating experiential spaces to benefit generations. Our commitments to ethical leadership, corporate citizenship, integrated strategic thinking and legitimate stakeholder interaction are unpacked to provide a broad view of our strategy and performance: thereby enabling our stakeholders to assess our ability to create sustainable value.

We take direction from the Global Reporting Initiative (“GRI”) Sustainability Reporting Standards and other reporting frameworks and best practices. As the ESG landscape continues to evolve, we will constantly assess our approach and refine our reporting over time.

## OUR ESG REPORTING BOUNDARY

L2D has outsourced the property management function for all properties (other than Melrose Arch) to JHI Retail Property Proprietary Limited (“JHIR”). Melrose Arch is managed by Amdec.

L2D appreciates the importance of the relationships with its service providers and has entered into service level agreements with the property managers to assist in administrative matters, including rental collection. Transactions with related parties are at arm’s length and are market related.

Our report covers the period from 1 January 2022 to 31 December 2022. Any material occurrences after this date and up until the approval date of this report

are included. Assurance of information contained in this report is provided by external and internal providers as indicated in the table above.

## MATERIALITY

The principle of materiality informed our preparation of this report. We consider that a matter is material if it can substantively affect our ability to create and sustain value over the short, medium or long term.

The Board and management are of the view that the material matters published on pages 11 to 14 of this report offer a balanced mix of information, allowing readers to assess our performance and prospects. These material matters align with our strategic value drivers and priorities, which are the focus of our business activities.

## BOARD APPROVAL

We, as the Board, believe that this ESG report presents a fair and balanced view of L2D’s ESG performance. We believe this report demonstrates how the business creates sustainable value for all its stakeholders. Accordingly, the Board approved this report and its release on 28 April 2023.

<b>Nick Criticos</b>	<b>Amelia Beattie</b>	<b>Peter Nelson<sup>1</sup></b>	<b>Craig Ewin</b>	<b>Lynette Ntuli</b>	<b>Nonhlanhla Mayisela</b>	<b>Itumeleng Tumi Dlamini</b>	<b>Philisiwe Mthethwa</b>	<b>David Munro</b>	<b>José Snyders<sup>2</sup></b>	<b>Barbara Makhubedu<sup>3</sup></b>
Non-executive Chairman	Chief Executive (CE) and executive director	Lead independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director	Non-executive director	Chief Commercial Officer (CCO) and executive director	Chief Financial Officer (CFO) and executive director

<sup>1</sup> Peter Nelson was appointed as lead independent non-executive director on 23 February 2023.

<sup>2</sup> José Snyders was promoted to Chief Commercial Officer and remained as executive director from 1 March 2023.

<sup>3</sup> Barbara Makhubedu stepped down as lead independent non-executive director on 23 February 2023, and was appointed as Chief Financial Officer and executive director on 1 March 2023.



# REPORT NAVIGATION

## FEEDBACK

Your feedback on the contents and presentation of this report is welcome and will assist us in improving the quality and relevance of future reports. We invite all users of this report to visit [www.liberty2degrees.co.za](http://www.liberty2degrees.co.za) for more information on L2D.

Feedback or further requests for information can be directed to:

**Investor relations team**

[investors@liberty2degrees.co.za](mailto:investors@liberty2degrees.co.za)

**Investor Relations Executive**







Sumenthree Moodley  
 ([sumenthree.moodley@liberty2degrees.co.za](mailto:sumenthree.moodley@liberty2degrees.co.za))

**Company Secretary**

Ben Swanepoel  
 ([ben.swanepoel@liberty2degrees.co.za](mailto:ben.swanepoel@liberty2degrees.co.za)).

### Six capitals


The following icons are used to illustrate our six capitals:


-  **FINANCIAL CAPITAL**
-  **MANUFACTURED CAPITAL**
-  **INTELLECTUAL CAPITAL**
-  **NATURAL CAPITAL**
-  **HUMAN CAPITAL**
-  **SOCIAL AND RELATIONSHIP CAPITAL**

### Strategic value drivers

The following icons are used to illustrate the linkage to our strategic value drivers:

-  **CUSTOMER EXPERIENCE**
-  **TENANT EXPERIENCE**
-  **HUMAN EXPERIENCE**
-  **CAPITAL AND RISK MANAGEMENT**
-  **FINANCIAL OUTCOME**
-  **THE GOOD WE DO**

 This page reference icon is applied throughout the report to improve usability and shows the integration between relevant elements of this report.

 This governance icon illustrates the Board and Exco's oversight.





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# ABOUT L2D

## EASTGATE SHOPPING CENTRE

5 STAR GREEN-STAR RATING

**IN THIS SECTION**

- 8 WHO WE ARE
- 9 WHAT WE DO



# WHO WE ARE

**L2D is a South African precinct-focused, retail-centred REIT. To create sustainable value for our stakeholders, we continuously improve the quality of our assets, by introducing innovative and unique experiences that attract tenants, customers, and visitors to our spaces.**

To maintain the quality of our assets, we pursue operational excellence and stay abreast of property and leisure trends, including the advancement of our digital transformation aspirations to cater to our customers' ever-changing needs.

We care about our surrounding communities and society, and about minimising our impact on the environment, which we address through several meaningful and innovative initiatives.

Our business model is focused on achieving positive outcomes that support and drive the realisation of our vision and purpose.

## OUR VISION

**to be the leading South African precinct-focused, retail-centred REIT**

## OUR PURPOSE

**to continue to create experiential spaces to benefit generations**

## OUR VALUES

**passion  
accountability  
care  
excellence  
(PACE)**



# WHAT WE DO

**Our business activities ensure we secure long-term leases with quality tenants to generate cash flow that we use to provide sustained value creation for all our stakeholders.**



## INVESTING AND DEVELOPING

We invest and develop high-quality assets with strong property fundamentals.



## ENHANCING

We redevelop our properties to enhance their value.



## MANAGING

We provide well-maintained buildings and excellent customer service.



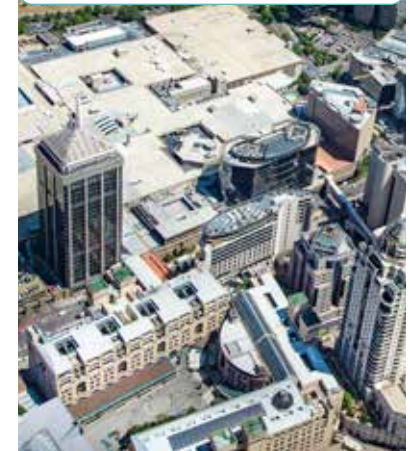
## DISPOSING

We dispose of non-core assets to improve the quality of our portfolio.



## CAPITAL RE-INVESTMENT

We recycle capital received from the sale of non-core assets to improve the quality of our portfolio.







3

# MATERIALITY

## BOTSHABELO MALL

4 STAR GREEN-STAR RATING

### IN THIS SECTION

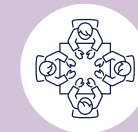
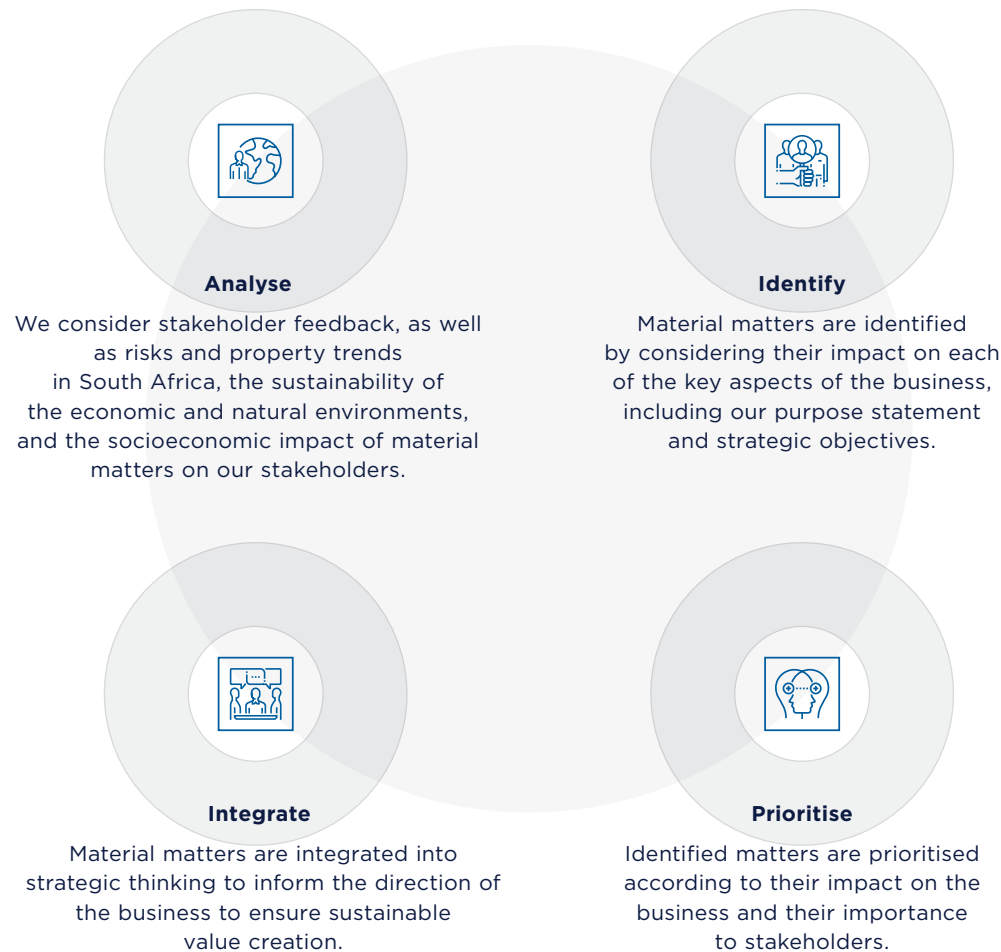
- 11 MATERIALITY DETERMINATION PROCESS
- 12 OUR MATERIAL MATTERS



# MATERIALITY DETERMINATION PROCESS

**We assessed material matters that have or could materially impact our ability to create and preserve value in the short, medium, and long term.**

## UNPACKING OUR MATERIALITY PROCESS



### Oversight

Changes to our external environment, key risks and opportunities, and trends were reviewed by our executive management team during a working session in October 2022. A material matters report was then supplied to our Social, Ethics and Transformation and Audit and Risk Committees for review and debate, and then prioritised at Board level and integrated into our strategic response. These material matters also help guide our Board to assess the material information to be included in our integrated and ESG reports.

During the working session, the following time frames for purposes of the IR were agreed upon:

- **Short term:** Less than one year.
- **Medium term:** One to three years.
- **Long term:** Three to 10 years.



# OUR MATERIAL MATTERS

L2D takes an integrated approach to identify matters that could influence our ability to create value in the short, medium, and long term. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves.

The table below sets out the sanctioned material matters and their descriptions, as well as the anticipated time frame of each impact. Material matters were mapped according to our relevant capitals, and we responded by aligning these matters with our strategic value drivers and assessing which stakeholders are impacted. The impact of each material matter and our response is further unpacked in our IR, please read pages 22 to 30.

MATERIAL MATTERS	RESPONSIBLE GOVERNANCE COMMITTEE	CUSTOMER EXPERIENCE	TENANT EXPERIENCE	HUMAN EXPERIENCE	CAPITAL AND RISK MANAGEMENT	FINANCIAL OUTCOME	THE GOOD WE DO	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
<b>1</b> Subdued distribution growth outlook	<b>Audit and Risk Committee</b>				X	X		Short, medium, and long term	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital</li> </ul>
<b>2</b> Tenant operating sustainability and the ability to collect rentals due	<b>Audit and Risk Committee</b>	X	X			X		Short to medium term	<ul style="list-style-type: none"> <li>Social and relationship capital</li> <li>Financial Capital</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital</li> <li>Our people</li> <li>Tenants</li> <li>Customers</li> </ul>
<b>3</b> Value creation potential is challenged as a result of the current asset mix, and the uncertain economic and political environment	<b>Board</b>	X	X	X	X	X		Short and medium term	<ul style="list-style-type: none"> <li>Financial Capital</li> <li>Manufactured Capital</li> <li>Social and Relationship Capital</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital</li> <li>Tenants</li> <li>Customers</li> <li>Industry bodies</li> </ul>
<b>4</b> The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours	<b>Social, Ethics and Transformation Committee</b>		X	X				Short to medium term	<ul style="list-style-type: none"> <li>Manufactured capital</li> <li>Social and Relationship Capital</li> </ul>	<ul style="list-style-type: none"> <li>Our people</li> <li>Tenants</li> <li>Customers</li> <li>Suppliers and service providers</li> </ul>
<b>5</b> Exposure to asset losses due to terrorism or social unrest	<b>Audit and Risk Committee</b> <b>Social, Ethics and Transformation Committee</b>	X	X			X	X	Short to medium term	<ul style="list-style-type: none"> <li>Manufactured capital</li> <li>Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>Our people</li> <li>Tenants</li> <li>Customers</li> <li>Suppliers and service providers</li> </ul>





OUR MATERIAL MATTERS CONTINUED

MATERIAL MATTERS	RESPONSIBLE GOVERNANCE COMMITTEE	CUSTOMER EXPERIENCE	TENANT EXPERIENCE	HUMAN EXPERIENCE	CAPITAL AND RISK MANAGEMENT	FINANCIAL OUTCOME	THE GOOD WE DO	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
<b>6</b> Operating and financial impact of service delivery failures, utility costs, and property rates increases as a result of the unsuccessful valuation appeal for Sandton City	<b>Audit and Risk Committee</b> <b>Social, Ethics and Transformation Committee</b>		X			X	X	Short to medium term	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Manufactured capital</li> </ul>	<ul style="list-style-type: none"> <li>Our people</li> <li>Tenants</li> <li>Customers</li> </ul>
<b>7</b> Impact of loadshedding	<b>Audit and Risk Committee</b> <b>Social, Ethics and Transformation Committee</b>		X			X	X	Short to medium term	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Manufactured capital</li> </ul>	<ul style="list-style-type: none"> <li>Our people</li> <li>Tenants</li> <li>Customers</li> <li>Providers of financial capital</li> </ul>
<b>8</b> The impact of the high inflationary environment and outlook	<b>Audit and Risk Committee</b>	X	X		X	X		Short to medium term	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Manufactured capital</li> </ul>	<ul style="list-style-type: none"> <li>Tenants</li> <li>Customers</li> <li>Providers of financial capital</li> </ul>
<b>9</b> Cost of capital and liquidity in a high-interest rate environment	<b>Audit and Risk Committee</b>				X	X		Short to medium term	<ul style="list-style-type: none"> <li>Financial capital</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital</li> </ul>
<b>10</b> The critical dependency on third party service providers to manage the property portfolio	<b>Audit and Risk Committee</b>	X	X		X	X		Short, medium, and long term	<ul style="list-style-type: none"> <li>Manufactured capital</li> <li>Intellectual capital</li> <li>Social and relationship capital</li> </ul>	<ul style="list-style-type: none"> <li>Our people</li> <li>Tenants</li> <li>Customers</li> <li>Suppliers and service providers</li> </ul>



OUR MATERIAL MATTERS CONTINUED

MATERIAL MATTERS	RESPONSIBLE GOVERNANCE COMMITTEE	CUSTOMER EXPERIENCE	TENANT EXPERIENCE	HUMAN EXPERIENCE	CAPITAL AND RISK MANAGEMENT	FINANCIAL OUTCOME	THE GOOD WE DO	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
<b>11</b> ESG and climate change impact	<b>Social, Ethics and Transformation Committee</b>				X	X	X	Short, medium, and long term	<ul style="list-style-type: none"> <li>Natural capital</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital</li> <li>Our people</li> <li>Tenants</li> <li>Customers</li> </ul>
<b>12</b> The retention and wellbeing of our people	<b>Social, Ethics and Transformation Committee</b>			X			X	Short to medium term	<ul style="list-style-type: none"> <li>Human capital</li> <li>The good we do</li> </ul>	<ul style="list-style-type: none"> <li>Our people</li> <li>Tenants</li> <li>Customers</li> </ul>
<b>13</b> Strategy for digital migration and its implementation risk	<b>Audit and Risk Committee</b>	X	X			X		Short, medium, and long term	<ul style="list-style-type: none"> <li>Human capital</li> <li>Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital</li> <li>Our people</li> <li>Tenants</li> <li>Customers</li> <li>Suppliers and service providers</li> <li>Industry bodies</li> </ul>
<b>14</b> The impact of joint asset ownership inclusive of asset concentration risk	<b>Board and Related Party Committee</b>				X	X		Short, medium, and long term	<ul style="list-style-type: none"> <li>Manufactured capital</li> <li>Human capital</li> <li>Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital</li> <li>Our people</li> </ul>
<b>15</b> The ongoing impact of the COVID-19 pandemic	<b>Audit and Risk Committee</b>		X		X	X		Short term	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Manufactured capital</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital</li> <li>Tenants</li> </ul>



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# LEADERSHIP REVIEW

## PROMENADE SHOPPING CENTRE

5 STAR GREEN-STAR RATING

**IN THIS SECTION**

16 Q&A WITH OUR LEADERS





# Q&A WITH OUR LEADERS



Nick Criticos

CHAIRMAN



Amelia Beattie

CHIEF EXECUTIVE

## Q: Why has L2D integrated ESG into the business?

Integrating ESG to deliver value is now more critical than ever. We understand that long-term value creation goes hand-in-hand with safeguarding the environment, upholding human rights, and investing in the welfare of our people, tenants, customers and communities.

We operate in a time of intersecting crises (pervasive inequality, climate destabilisation, socio-political instability, and a global health pandemic) which have been compounded by soaring inflation, increasing interest rate hikes and unsustainable unemployment numbers. These challenges require a dedicated focus to mitigate impacts and create long-term value.

IMPACT, our ESG value proposition, is our commitment to quality, business growth and sustainability. Through IMPACT, we can create shared value and contribute to critical areas of ESG: this emphasises the need to incorporate ESG-related risks in our investment process as a mainstream investment strategy. We also use IMPACT to solve some of the issues highlighted by the United Nations Sustainable Development Goals ("SDGs"), to improve performance and seek opportunities to build business resilience.

## Q: How does L2D create shared value through ESG adoption?

We have deepened our commitment to the SDGs. These goals offer a powerful lens through which to identify opportunities to innovate and grow our business and deliver on our Good Spaces pillar and our Good We Do strategic value driver.

We believe that creating shared value for all our stakeholders, will make a real impact in the communities in which we operate and facilitate long-term sustainability while enhancing our competitiveness.

Our commitment to ESG underpins and enables our financial and operational performance while safeguarding our portfolio's relevance. By achieving our ESG objectives, we can reduce our exposure to commercial risk and asset obsolescence: this ensures our assets are future-ready.

We are dedicated to improving the quality of life of the people living within the communities surrounding our centres by creating local employment opportunities and investing in sustainable initiatives that offer short, medium, and long-term benefits.

Climate change has become a priority in our planning from the Board down to operational levels, and we start from the

position that efficiencies are necessary not only to reduce costs and increase revenues but to reduce our carbon emissions, mitigate any climate risk and enhance the sustainability of our business.

## Q: How does ESG business integration benefit L2D?

In our business, we have found positive correlations between ESG performance, operational efficiencies, and lower costs for capital – with increasing evidence showing that business strategies, focused on material ESG issues, correlate to high-quality management teams, business resilience and long-term stakeholder value creation. The benefits include:

- Investors are more focused on ESG performance, which informs their investment decisions.
- More funding and investment opportunities are available to L2D.
- Strong ESG performance attracts high-quality tenants.
- The incorporation of ESG practices into our business strategy contributes to our balance sheet strength.
- We retain and motivate our workforce by aligning our people to our purpose and values.



## Q&amp;A WITH OUR LEADERS CONTINUED

## Q: Where do your ESG opportunities lie?

By adapting to the changing environmental and socioeconomic conditions, we believe we are better positioned to identify strategic opportunities and meet competitive challenges. Having a sustainability-focused mindset also has its advantages, which include:

- Being recognised as an ESG leader in the SA REIT sector.
- Early detection of ESG-related risks helps us future-proof our business.
- Improving efficiencies, cost savings and lower occupancy costs.
- Improving our ability to attract equity and debt funding.
- Measuring and tracking our impact promotes continuous development.
- Solar PV energy initiatives are commercially viable and are a new source of income for L2D, and also enable us to be less dependent on Eskom's power grid.
- Strengthening our internal governance protocols which improves the proficiency of our operations.
- Sustainability-related funding opportunities are gaining traction through our ESG efforts, L2D qualifies for and has access to favourable Green-bond funding and sustainability-linked finance.
- The promotion of integrated thinking which helps strengthen our business strategy and governance framework.

## Q: What are the challenges of ESG integration?

Most ESG activities, especially environmental and sustainability projects, often involve significant capital investment, therefore a purpose-built CAPEX approach is necessary to plan and track ESG activities. Our challenges include:

- Extensive time, resources and systems are required to conduct certain ESG initiatives, such as impact assessments and due diligence assessments.
- Multiple ESG reporting mechanisms and frameworks can over-complicate sustainability reporting.
- Developing regulatory frameworks and no explicit duty to provide disclosures on ESG matters.

## Q: Are there any special acknowledgments you would like to make?

All our people have contributed to the sustainability of L2D. We thank each person for living our values and helping us achieve our purpose.

Outstanding work has been done by Brian Unsted (Asset Management Executive), and Heloise Mgcina (Marketing, Communications and ESG Executive) and Martin Lamprecht, to champion our ESG and IMPACT initiatives, and we would like to express our sincere gratitude for their commitment, ongoing learning and passion.

We also thank our executive and management teams for their adaptability, flexibility and resilience during these unprecedented times.

Finally, we thank our fellow Board members for their commitment to embedding ESG principles, as well as their support and diligence when applying their governance work to ensure we remain an ethical, humane, sustainable and fit-for-purpose business.







5

# OUR PURPOSE-DRIVEN APPROACH TO ESG

## NELSON MANDELA SQUARE

5 STAR GREEN-STAR RATING

### IN THIS SECTION

- 19 IMPACT - HONING OUR COMPETITIVE ADVANTAGE
- 20 ALIGNING WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("SDGs")



# IMPACT – HONING OUR COMPETITIVE ADVANTAGE

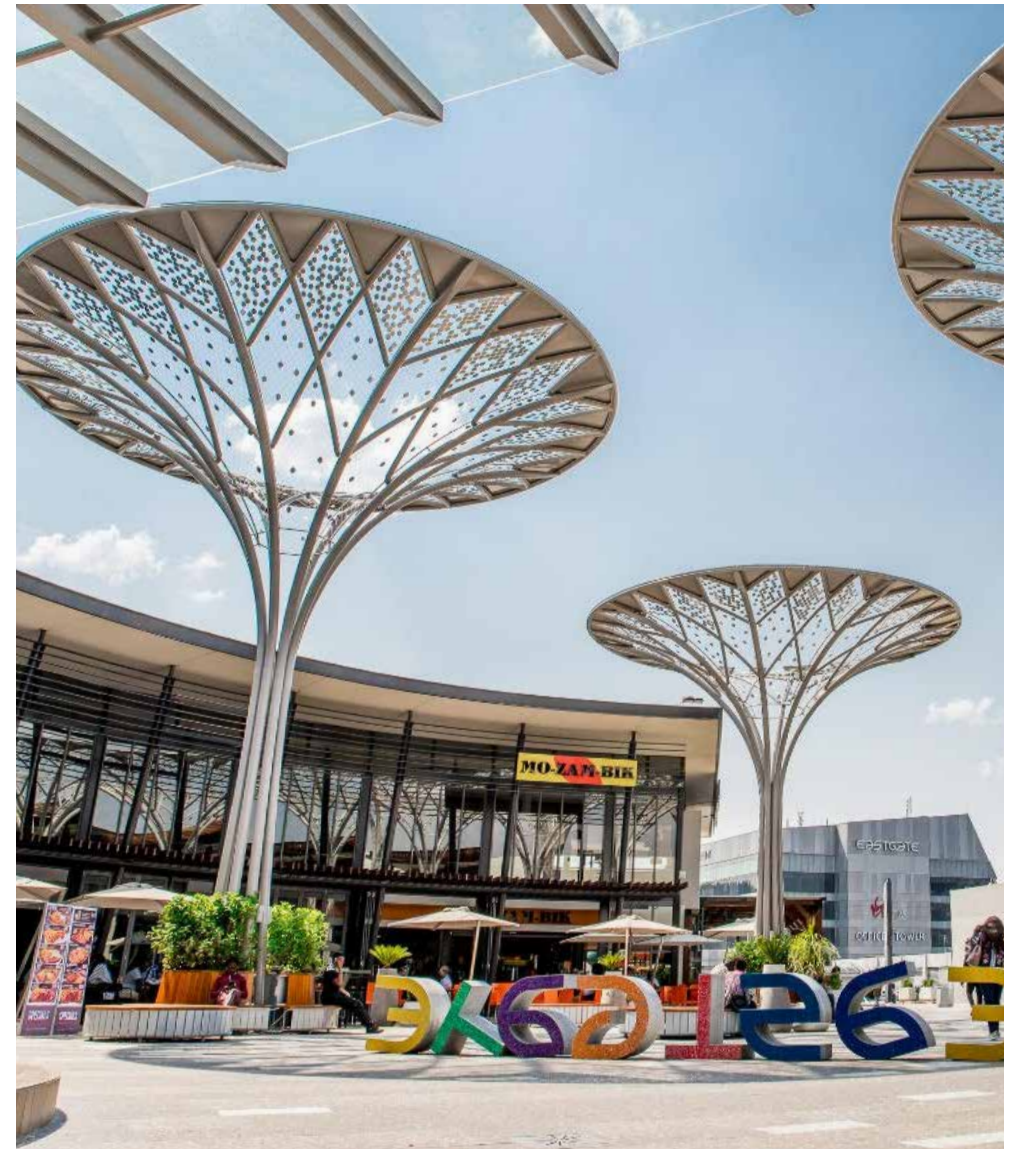
## Responsible business is at the heart of our purpose to continue to create experiential spaces to benefit generations.

We aim to be an ESG leader in the South African real estate sector and understand that this involves integrating long-term ESG factors into our everyday business. Our commitment to ESG underpins and enables our financial and operational performance while safeguarding our portfolio's relevance. By achieving our ESG objectives, we can reduce our exposure to commercial risk and asset obsolescence; this ensures our assets are future ready.

We believe that creating shared value for all our stakeholders will make a real impact in the communities in which we operate and facilitate the long term sustainability, while enhancing our competitiveness. We achieve this by managing all resources in ways that maximise stakeholder value while demonstrating care for the environment.

Key considerations include ethical parameters and values, positive environmental and social impacts, how ESG factors play a crucial role in broader financial performance, and compliance with regulations and legal requirements.

Our IMPACT value proposition allows us to communicate our progress regarding relevant ESG factors under one umbrella, and supporting efficient reporting. The most prominent and overarching indicator of our IMPACT journey is our 2030 Net-Zero Commitment. In our post-COVID-19 world, our focus on ESG performance continues to be vital to our success. We are proud of the progress made to date, yet always endeavour to do more.










# ALIGNING WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("SDGs")

The United Nations has developed 17 internationally recognised SDGs – considered critical to ensure sustainable growth. The purpose of the SDGs is to end all forms of poverty, fight inequalities and tackle climate change. The failure to address these goals could increase global social and economic instability while being a key driver of socioeconomic growth when achieved.

To ensure an integrated approach to incorporating the SDGs into our strategic thinking, we focused on determining which goals provided the greatest potential for impact, and where the most significant opportunity lay for our business in pursuing these goals.

Our goals are aligned with the UN SDGs and the South African National Development Plan ("NDP") Vision 2030, which is South Africa's specific response to integrating the SDGs into our overall socioeconomic development plans. We reviewed and ranked each SDG relative to our ability to support and drive their targets in our vision and overarching sustainability strategy. These goals challenge us to think beyond the conventional time frames, providing a sense of future direction that drives us forward in achieving our higher purpose.

We have set internal KPI targets in order to support and contribute towards the SDGs and have thus created a framework of eleven indicators to help guide our actions that speak to our key impact areas. These eleven SDGs are the most relevant to us and underpin our long-term value creation strategy and inform our short to medium-term strategy.

SDGS	THE PURPOSE OF THE SDG	OUR PROGRESS TOWARDS SDGS	PRIMARY AND SECONDARY IMPACTS
 Good health and wellbeing	Ensure healthy lives and promote wellbeing for all	<ul style="list-style-type: none"> <li>We promoted our people's wellbeing to ensure balanced professional and personal lives through our wellness programme, people engagement surveys, and offering a safe working environment.</li> <li>L2D achieved a six Green-Star rating from the Green Building Council of South Africa ("GBCSA") for its Head Office in Nelson Mandela Square. L2D's head office aims to contribute towards the Company's Net-Zero waste, water and energy targets.</li> </ul>	Primary SDG
 Quality education	Ensure inclusive and equitable quality education and learning opportunities	<ul style="list-style-type: none"> <li>During the year, 100% of people received training.</li> <li>We use training to improve our people's skills base, contribute to succession planning, and support our employment equity and business continuity initiatives.</li> <li>R838 462 spent on enterprise development.</li> </ul>	Secondary SDG
 Gender equality	Achieve gender equality and empowerment of women.	<ul style="list-style-type: none"> <li>Our CE launched the "One woman at a time" challenge, where we prioritise gender diversity and inclusiveness.</li> <li>L2D is a signatory of the United Nations Women Empowerment Principles ("WEPs"), which help keep companies accountable to meaningful and impactful transformation, and the promotion of women empowerment strategies.</li> <li>We apply these principles through our enterprise development, procurement, supply value chain and hiring policies.</li> <li>The Board now comprises of 55% female and 45% male directors, and 55% black and 45% white directors, with black female directors comprising 45% of the Board.</li> </ul>	Primary SDG



ALIGNING WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS) CONTINUED

SDGS	THE PURPOSE OF THE SDG	OUR PROGRESS TOWARDS SDGS	PRIMARY AND SECONDARY IMPACTS
<p>Clean water and sanitation</p>	To ensure the availability and sustainable management of water and sanitation.	<ul style="list-style-type: none"> <li>• 2.2% reduction in water use across the portfolio (2021: 3%).</li> <li>• Smart-metering systems rolled out across the portfolio.</li> </ul>	Primary SDG
<p>Clean and affordable energy</p>	To ensure access to affordable, reliable, sustainable, and modern energy.	<ul style="list-style-type: none"> <li>• 3% of our portfolio's energy baseload met from renewable/clean-energy sources (2021: 2%).</li> <li>• L2D is currently generating 3 980 MWh [AC] of energy from the solar structures at Eastgate Shopping Centre, Promenade Mall and Midlands Mall (2021: 2 966 MWh).</li> <li>• We invest in solar PV technologies.</li> </ul>	Primary SDG
<p>Decent work and economic growth</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and a decent work environment.	<ul style="list-style-type: none"> <li>• We support local economic development through job creation, skills development, internship programmes, and by offering employment to 32 people.</li> </ul>	Primary SDG
<p>Industry, innovation, and infrastructure</p>	Construct resilient infrastructure that promotes inclusive and sustainable development goals.	<ul style="list-style-type: none"> <li>• Smart-metering systems rolled out across the portfolio. We use this technology to measure the consumption of water and energy: this information helps us seek ways to improve efficiency as we move toward our Net-Zero goals.</li> <li>• L2D keeps abreast of developments in the SA PropTech world by engaging with the Africa PropTech Forum, and globally by keeping track of PropTech developments. Where we identify a solution that is aligned with our business priorities, we are always open to engaging with the PropTech company to investigate a fit in our environment.</li> </ul>	Primary SDG
<p>Sustainable cities</p>	To make cities and human settlements inclusive, safe, resilient and sustainable.	<ul style="list-style-type: none"> <li>• 30% of procurement spend on black-women-owned businesses.</li> <li>• R2.3 million was invested in socioeconomic development initiatives from L2D head office and portfolio contributions, with a significant focus on education (2021: R3.7 million).</li> <li>• All malls are SAFE-certified.</li> <li>• We support local economic development through job creation, skills development opportunities, and by offering employment.</li> </ul>	Secondary SDG



ALIGNING WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS) CONTINUED

	SDGS	THE PURPOSE OF THE SDG	OUR PROGRESS TOWARDS SDGS	PRIMARY AND SECONDARY IMPACTS
	Responsible consumption and production	To ensure sustainable consumption and production patterns.	<ul style="list-style-type: none"> <li>82% average waste-diversion rate by weight over the year (2021: 54%).</li> <li>6 148 tonnes of waste recycled (2021: 2 889 tonnes), including 1 380 tonnes of organic waste (2021: 314 tonnes).</li> </ul>	Primary SDG
	Climate action	To take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none"> <li>Our entire retail portfolio has received Green Star ratings from the Green Building Council of South Africa (GBCSA).</li> <li>A task team was established in conjunction with the Liberty Group, relating to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).</li> <li>Our Net-Zero journey highlights our commitment to climate change resilience.</li> </ul>	Secondary SDG
	Partnerships for the goals	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.	<ul style="list-style-type: none"> <li>L2D is a member across various industry bodies while leading several committees including the Green Building Council of South Africa, the South African Property Owners Association, the South African Council of Shopping Centres, as well as the SA REIT Association.</li> <li>Our good standing within the industry is indicated by the regular appointment of our people to decision-making structures within industry bodies.</li> </ul>	Secondary SDG



6

# OUR ENVIRONMENTAL IMPACT

## L2D OFFICES

6 STAR GREEN-STAR INTERIORS V1 CERTIFICATION

### IN THIS SECTION

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# ENVIRONMENTAL IMPACT

## OUR ENVIRONMENTAL IMPACT AGENDA

**Our goal is to safeguard our natural resources to benefit future generations. We achieve this by conserving our environmental resources and reducing our direct and indirect environmental impacts.**

2022 was a challenging year from an environmental standpoint. South Africa was plagued by energy shortages as loadshedding intensified to the worst levels year-on-year, forcing businesses and citizens to find alternative energy solutions, while the current climate crisis amplified water insecurity in our water-scarce country.

We recognise that we create value primarily through our direct ownership of immovable property, which does impact the environment. We mitigate these impacts by efficiently and effectively monitoring and managing our electricity supply, water usage and waste generation, while analysing local and global best practices and trends.

Through Good Spaces, our environmental building block which fits into our broader

IMPACT strategy, we remain focused on implementing our commitments to minimise our impact on the environment by driving operational efficiencies and pursuing innovative initiatives that support our commitment to our Net-Zero 2030 targets.

We know that effective environmental stewardship requires collective effort and responsibility from ourselves and our stakeholders. To do this, we ensure our engagement about environmental matters upholds the principles of transparency, accountability and sustainability in our approach to caring for the natural resources under our guardianship; this includes planned awareness campaigns aimed at our people, tenants, suppliers and customers provide disclosure about sustainability initiatives and matters to positively influence their behaviour.

At the core of Good Spaces are a number of pillars, being Green Star certification of the entire portfolio, Net-Zero Waste, Net-Zero Water, Net-Zero Carbon/energy and biodiversity. All activities align with these pillars.

Our Net-Zero 2030 sustainability targets include achieving Net-Zero Waste readiness during 2022, and attaining our Net-Zero Waste certification in 2023; achieving Net-Zero Water by 2025 and achieving Net-Zero Energy by 2030.

 Read more about our Net-Zero journey on pages 30 to 34.

## OUR ENVIRONMENTAL IMPACT STRATEGY

**Good Spaces supports our strategy by prioritising the key environmental sustainability issues facing our business by considering our short, medium and long term horizons and helping L2D adopt environmental best practices.**

We understand that environmental sustainability is a shared responsibility; we have, thus, partnered with our tenants, shoppers, service providers and our people to help us reduce our consumption of scarce resources, as we work towards achieving our Net-Zero targets.

We do this by conducting awareness campaigns with tenants, such as our waste diversion, and water and energy savings initiatives. Our shopper educational campaigns also help to positively influence behaviours and reduce the consumption of scarce resources.

We recognise that there are inherent risks to be considered in pursuing our environmental commitments. We make decisions by understanding holistic risks and opportunities over the short, medium, and long term. For example, utility bills are a significant expense that increases above inflation annually. We counteract these increases by implementing solutions to drive efficiency, these often require a substantial capital investment. In turn, our sustainability practices have increased our access to capital – enabling a more readily available and diverse resource pool.



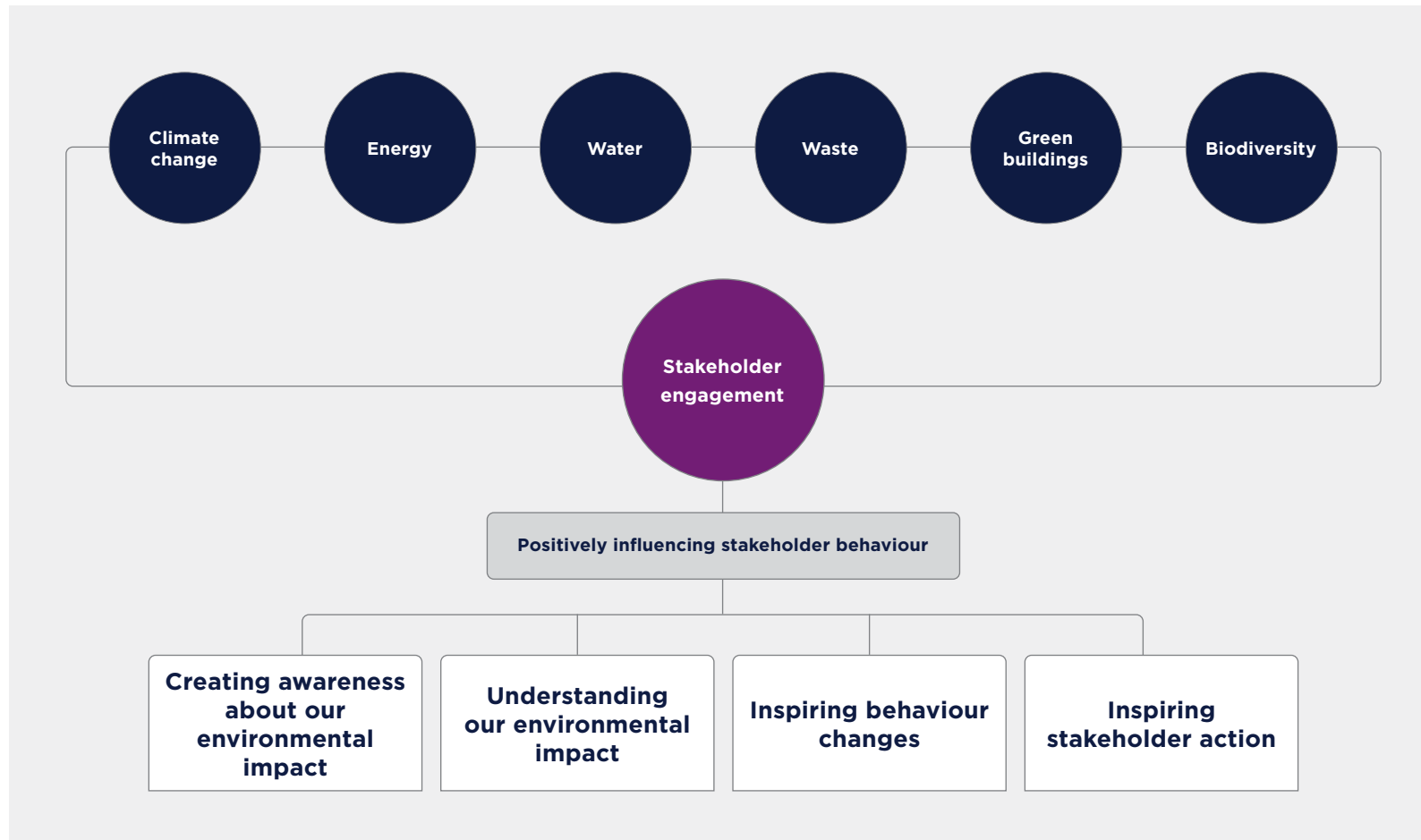
**With oversight from the Board and Exco, Good Spaces is a focused and targeted investment and operational strategy that enables the management of our environmental impact while enhancing the value and resilience of our assets.**



ENVIRONMENTAL IMPACT CONTINUED

# OUR ENVIRONMENTAL FOCUS AREAS

Our key environmental focus areas include climate change, energy, water, waste, green buildings, and biodiversity. In each of these focus areas, we aim to understand our impact, create awareness and influence the right behaviours among our key stakeholders, especially our suppliers, our people, customers and tenant base.





ENVIRONMENTAL IMPACT CONTINUED

## OUR KEY PERFORMANCE INDICATORS

Focus area	Related SDGs*	Targets	2022 PROGRESS
Energy	 	<ul style="list-style-type: none"> <li>A minimum of 3% and a target of 5% of the L2D portfolio's energy baseload will be met from renewable/clean-energy sources by December 2022.</li> </ul>	<ul style="list-style-type: none"> <li>2.8% of our portfolio's energy baseload is met from renewable/clean-energy sources.</li> </ul>
Water	 	<ul style="list-style-type: none"> <li>Reduction of water consumption by 5% in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>2.2% water reduction due to the decline in potable water use in our buildings, as well as other water-saving initiatives.</li> </ul>
Waste	 	<ul style="list-style-type: none"> <li>Achieve Net-Zero Waste readiness by 2023.</li> <li>Achieve accreditation in 2023 after 12 months of data is compiled and verified.</li> <li>Implement differential billing by April 2023.</li> <li>Identify potential waste-diversion alternatives.</li> <li>Implement commercially viable recycling solutions.</li> </ul>	<ul style="list-style-type: none"> <li>Significant improvement in waste-diversion rate from 54% to 82% by weight in 2022.</li> <li>Identified waste types and quantities.</li> <li>Appointment of a zero waste partner.</li> <li>Alignment on opportunities to minimise waste costs and increase value.</li> </ul>
Green Buildings and EPC certification	 	<ul style="list-style-type: none"> <li>Energy Performance Certificates have been issued.</li> </ul>	<ul style="list-style-type: none"> <li>Of all L2D-owned and controlled properties, as a percentage of the total portfolio, excluding Melrose Arch and hotels, are green-certified. EPC certification received for all office buildings.</li> </ul>
Partnering with our people, suppliers, and tenants		<ul style="list-style-type: none"> <li>We partner with tenants, suppliers and our people to promote adoption of our sustainability initiatives to positively influence behaviours and safeguard the environment.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple awareness campaigns have improved stakeholder adoption rate.</li> </ul>

\* We align with SDGs 12 and 13 (responsible consumption and production, and climate change). Our Net-Zero water, carbon and waste framework support our strategic drivers, while also driving our contributions to SDG 6: Clean water and sanitation and SDG 7: Affordable and clean energy, all achieved through SDG 17: Partnerships to achieve this goal.



# CLIMATE CHANGE

The long-term sustainability of our business depends on protecting the environment we operate in. We remain committed to minimising our impact on the environment and climate change through responsible environmental stewardship. We aim to improve our understanding of climate change by defining how it impacts our business, and how our business contributes to climate change.

We acknowledge that our business activities within the built environment contribute to and accelerate climate change, which we mitigate by efficiently managing electricity supply, water usage and waste generation. We also consider local and global trends.

In our journey to better understand the risks and opportunities presented by climate change, we have aligned our environmental disclosure in accordance with the recommendations set out by the Task Force on Climate-Related Financial Disclosures (TCFD).

Climate change risks are monitored by our Climate Change Task Team (task team) which was established in conjunction with the Liberty Group. This task team has increased its focus on identifying and measuring the financial impact of, and quantifying climate change-related risks and are mindful of the potential harm they can exact on our value-creation story.

**We are committed to managing our impact on climate change and working towards a low-carbon economy.**

## Our climate change intent

**We are deliberate in our effort to manage and reduce our carbon footprint.**

**We will continue to operate responsibly by considering the environment and the needs of the communities we serve.**

## ENHANCING OUR RESILIENCE AGAINST CLIMATE CHANGE

Building climate resilience has become a business imperative to safeguard our assets against catastrophic events. We believe that assessing our climate change risks and opportunities, and putting plans in place to mitigate risks and take advantage of these opportunities, ensures our capital investments remain able to create value. Our climate-related risk management

processes consider the full life cycle of our properties when assessing our environmental impacts. We, thus, ensure that from initial purchase to final disposal, our management approach supports our environmental goals.

### Risk and opportunity management

The Board sets the risk appetite and tolerances, strategic objectives and accountability for the management of the climate change framework.

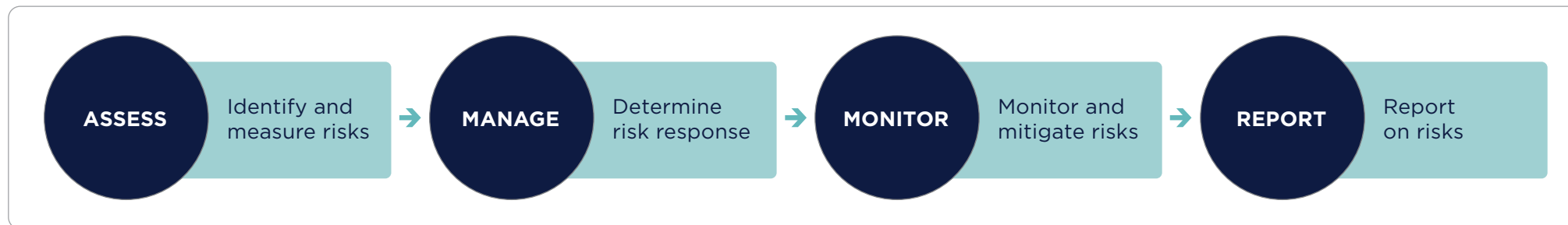
Our climate change strategy is underpinned by our guiding risk principles, risk appetite metrics, risk preferences, tolerances and limits, which define the level of risk exposure we are willing to accept to meet our strategic objectives.

We have a robust risk management process and framework to identify, assess, manage, monitor and mitigate risks and uncertainties. Our climate change risk methodology includes:





CLIMATE CHANGE CONTINUED



The impact of a specific risk is assessed within the categories of finance, reputation, regulation, health and safety, climate and environment, and social and community. We determine our risk response based on our level of vulnerability and how prepared we are to mitigate potential impacts.

Risk indicators are regularly monitored and reported to the Board. At these meetings, we explore all risks, including climate-related risks. Our climate-related risks are integrated into the Group’s Risk Management Framework.

In assessing the Group’s principal risks, the impact of climate change is considered a key element and impact determinant. In 2022, we undertook an extensive exposure assessment of climate-related risks to mature our understanding of the potential impacts and opportunities. The themes and elements of our risk assessments consider the following aspects:

- Climate change adaption.
- Compliance with regulatory requirements.
- Energy efficiency.
- Energy supply and renewable energy.
- Carbon footprint emissions.
- Green building and Net-Zero certifications.
- Socioeconomic factors.
- Sustainable procurement.
- Waste management.
- Water supply and efficiency.
- Biodiversity and habitat.
- Building safety, health and wellness.

For more information on how we manage risk, refer to our risk section in our Integrated Report (pages 63 to 75.).

## CLIMATE CHANGE GOVERNANCE AND OVERSIGHT

The Board is ultimately responsible for the governance of climate-related risks and opportunities, and is supported by the Social, Ethics and Transformation Committee (SET) and Risk Committee (Risk).

Our Board recognises that climate change can impact the sustainability of our business and erode value for stakeholders, communities and the locations where we operate. The Board embraces a science-based approach to understanding the impact of climate change and continues to deepen its understanding of the risks along with associated opportunities.

## Climate Change Task Team

The task team is responsible for ensuring climate change-related risks and opportunities are appropriately identified and subsequently elevated through the established governance and operational structures. This task team was established in conjunction with the Liberty Group, relating to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

To ensure effective oversight, the Board and Committees received frequent reports, updates and presentations on climate change-related matters and the progress made in adopting the recommendations of the TCFD. These reports included information on:

- Carbon footprint reduction opportunities.
- Carbon tax.
- Major project considerations related to climate matters and decarbonisation.
- Physical and transition risks.
- Resource use performance and efficiencies.



## CLIMATE CHANGE CONTINUED

**Our Climate Change Task Team is responsible for:**

- Developing a climate change strategy.
- Developing and ensuring that regulatory and TCFD disclosure requirements are met, and that appropriate reporting is provided to our Exco and Board committees.
- Developing and implementing the climate change risk framework.
- Exploring opportunities for creating climate change awareness and positive engagement with stakeholder groups.
- Identify, assess and manage climate-related risks and opportunities across the business.
- Materiality screening of ESG matters and the prioritisation of key climate matters.
- Measure, manage and reduce our carbon and greenhouse gas emissions.

**The objectives are:**

- Align our climate-related governance and Environmental Risk Management (ERM) framework to the TCFD to ensure that the Board has oversight on potential climate-related risks and opportunities.
- Climate change considerations integrated into business strategy to ensure responsible investment and behaviour.
- Oversight via quarterly reviews of the progress on climate risk.
- To set L2D strategic direction and position on climate change.

Refer to the Governance Report for more information about L2D's governance approach and processes on pages 74 to 88.

The Board and Committees also considered climate change-related data and business performance requirements when setting the organisation's internal key performance indicators (KPIs), risk management framework, annual budgets, business plans and non-financial personal performance metrics.

We follow an integrated process of identifying, assessing and managing climate-related risks in our overall Group risk management process, which we then align to the risks and opportunities set out by the TCFD.

Refer to pages 63 to 75 in our Integrated Report for more information about L2D's risk process.





# OUR NET-ZERO JOURNEY

We embarked on our Net-Zero journey in 2018 to proactively mitigate our negative impacts on the natural environment. Waste, water and energy policies were developed through an iterative consultation and review process and signed into effect towards the end of 2018. The policies set out our targets and metrics, and the principal mechanisms for implementation, providing a concise framework that is essential in achieving the overall goals of our Net-Zero journey.

We have undertaken ongoing work to set Science-Based Targets (SBTs) which highlight the year-on-year consumption reductions for the landlord and tenants. We are actively monitoring our progress towards our Net-Zero readiness goals for water and energy respectively, having achieved our Net-Zero readiness for waste with accreditation expected to be received in 2023. Since introducing these principles to our internal and external stakeholders, we have made substantive headway in improving environmental performance in the critical areas of water and energy.

We have registered with the Science-Based Targets Initiative (SBTI) in 2023 to set detailed targets, this will require landlord and tenant reductions. We have developed a plan on how L2D can achieve Net-Zero water and energy respectively, having achieved a Net-Zero readiness state for waste, to be certified in 2023. We made significant strides in reducing waste to landfill diversion over the course of the past two years. Since introducing these principles to our internal and external stakeholders, we have made substantial headway in improving environmental performance in the critical areas of water and energy since setting our baselines in 2018.



## Our Net-Zero goals

	Target date	Aligned to SDGs
Achieve Net-Zero waste to landfill	2023	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Achieve Net-Zero landlord water usage/footprint by reducing potable water use, changing air conditioning HVAC systems, and adding rainwater harvesting/greywater systems where possible.	2025	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Achieve Net-Zero landlord carbon emission/footprint through energy management introduction of solar PV systems, energy efficiencies and other opportunities such as wheeling.	2030	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

## MONITORING, METERING AND BENCHMARKING

We identify what we have already done and achieved, then prioritise performance gaps and agree on the metrics goals and commitments to help guide progress and instruct engagement plans.

We meticulously measure our impact on the natural environment and take definitive action in areas that require further improvement. We use widely adopted measures to communicate our environmental performance, which provides comparability and context. The following metrics were measured and monitored:

- Carbon footprint.
- Energy consumption trends.
- Environmental expenditure.
- Water footprint.

Meaningful progress is dependent on knowing where we started and what we have achieved to date. All properties owned and managed by L2D are benchmarked monthly relative to a 2018 baseline: energy, water and waste performance are reported monthly.





## OUR NET-ZERO JOURNEY CONTINUED

### Our Net-Zero strategy

A bold landlord Net-Zero target (to eliminate our Scope 1 direct emissions and Scope 2 indirect emissions in our value chain) by 2030 has been set. We believe that climate-related issues can affect our performance and impact our strategy, financial planning and performance. Our focused approach to environmental sustainability involves our commitment to our 2030 Net-Zero target. This means that we are exploring ways to grow our renewable energy initiatives and investigating green bonds.

In addition, work to set Science-Based Targets (SBTs) is underway and registration has been completed. The SBTs will highlight the year-on-year consumption reductions for the landlord and tenants. We are actively monitoring our progress towards the Net-Zero 2025 and 2030 goals for water and electricity, respectively.

Since introducing these principles to our internal and external stakeholders, we have made substantive headway in improving environmental performance in the critical areas of energy and water efficiency.



**Achieving our Net-Zero targets is the responsibility of the L2D leadership team with Board oversight. Strategies are implemented by the Head of Good Spaces and Head of Facilities Management.**



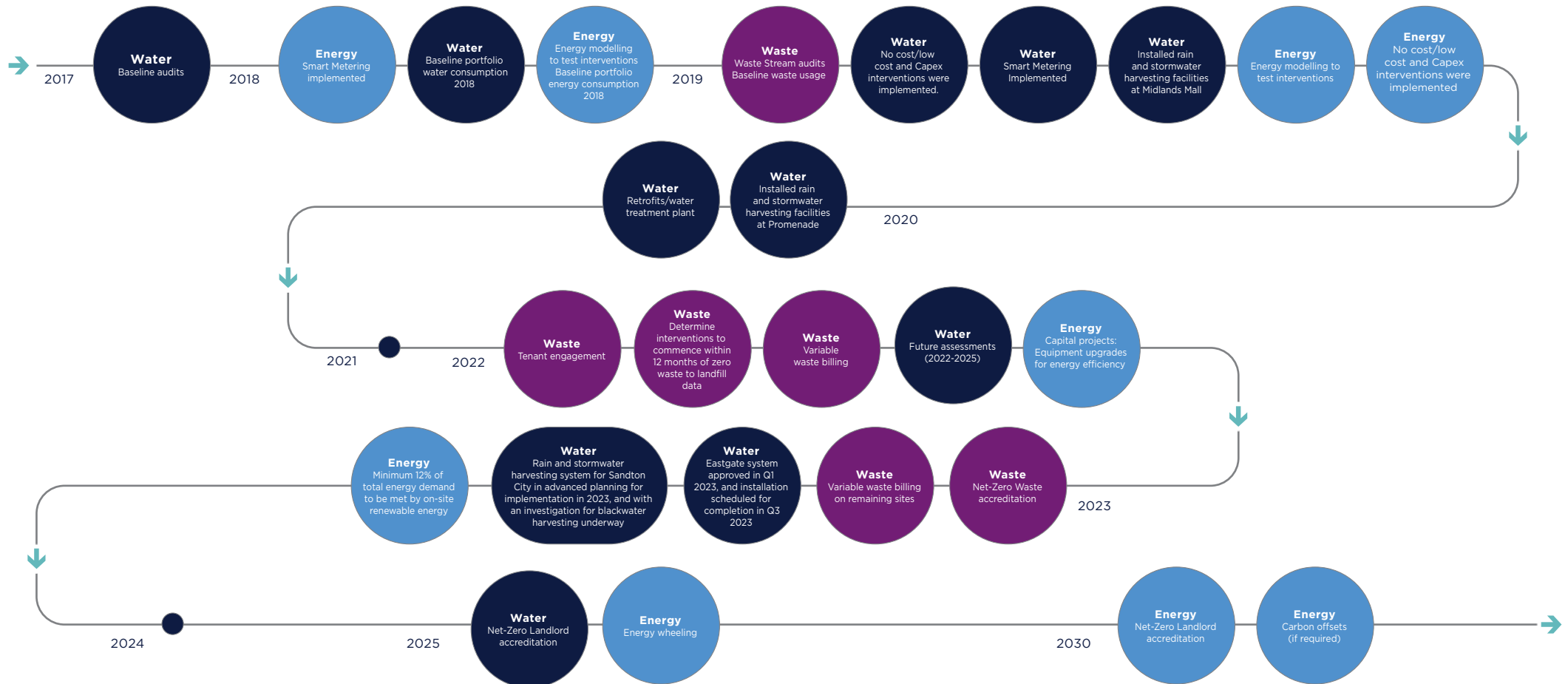




OUR NET-ZERO JOURNEY CONTINUED

## OUR NET-ZERO STRATEGIC ROADMAP

Our Net-Zero roadmap details how we intend to use water and energy in the most resource-efficient, cost effective and environmentally responsible manner, including solid waste and materials. We aim to meet local and global best practices, while aligning our Net-Zero targets with the Green Building Council of South Africa's (GBCSA) Net-Zero Certification Scheme - part of the World Green Building Council's global project, Advancing Net-Zero.

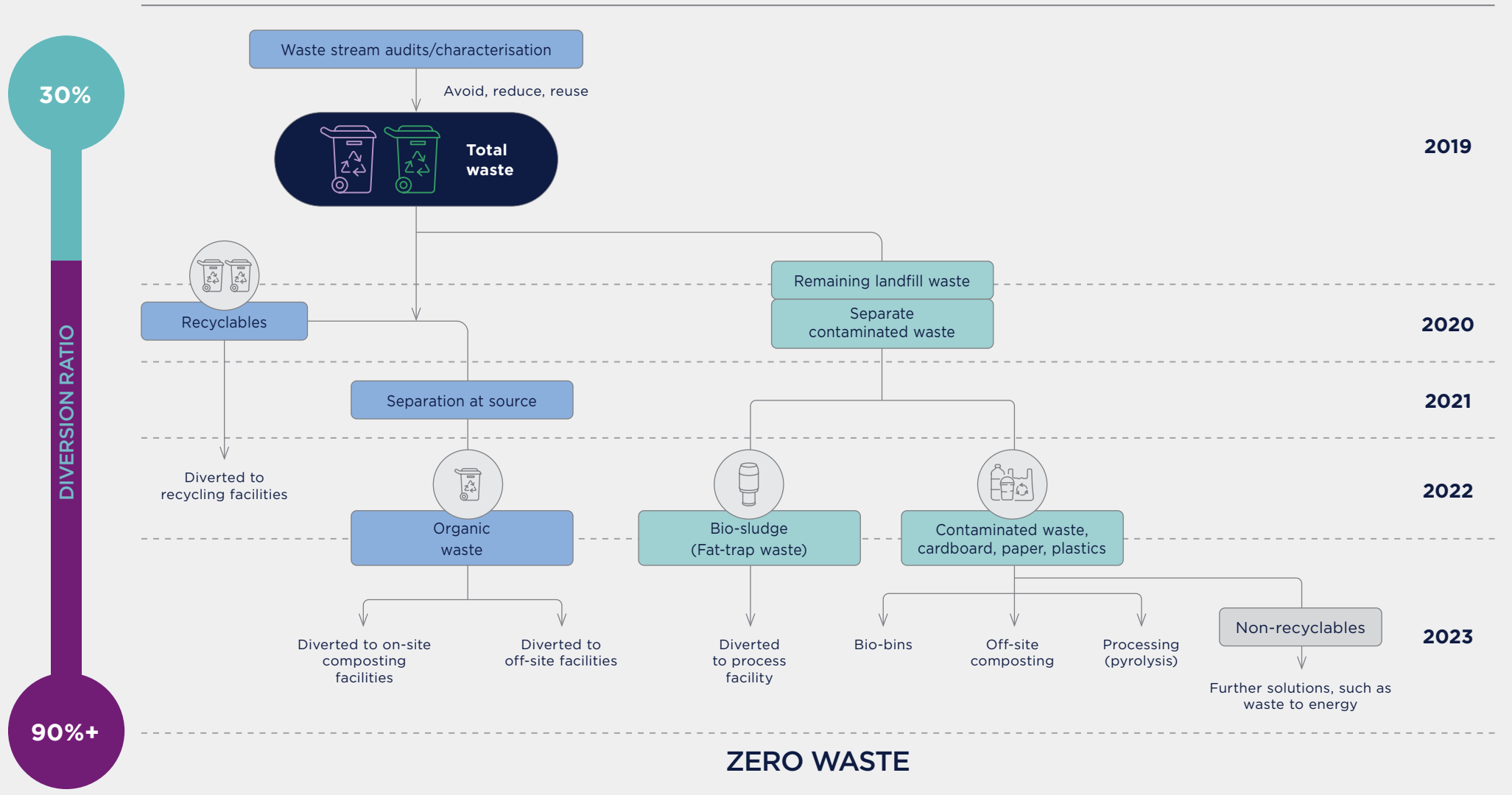


\* The above excludes Sandton Convention Centre, Melrose Arch and our hotels as they are not under management control.



OUR NET-ZERO JOURNEY CONTINUED

# NET-ZERO WASTE TO LANDFILL ROADMAP





OUR NET-ZERO JOURNEY CONTINUED

## OUR PROGRESS AND FORWARD-LOOKING INFORMATION

We are deliberate in our disclosure and response to climate change.

2022	2025	2030
<b>Net-Zero Waste during 2022 to attain certification in 2023</b>	<b>Net-Zero Water ready by 2025</b>	<b>Net-Zero Carbon ready by 2030</b>
<p>L2D’s portfolio diverted 6 148 tonnes, including organic waste through composting facilities (2022: 2 889 tonnes). This was achieved through innovative technologies implemented at our properties, including waste composters, recycling hubs and recycling units.</p> <p>L2D has implemented a ‘problematic’ plastics policy across our portfolio to combat plastic pollution, this includes; low-quality plastic carrier bags, straws, balloons for celebrations or decorations, plastic cutlery in food and beverage outlets, and polystyrene packaging provided by food and beverage outlets that can be harmful to human health. A clause has been added to all new leases and an update added to the house rules relevant to each mall.</p> <p>L2D is also the first landlord member of the SA Plastics pact.</p> <p>Readiness achieved in Net-Zero Waste by 2023.</p> <p>Significant improvement recorded in waste-diversion rate - from 75% to 82% at the end of 2022.</p>	<p>L2D has saved 16 million litres (2021: 12 million litres) of water in the last year across the portfolio equating to 3% (2021: 2%) of the total portfolio consumption. This has been achieved through, the implementation of rainwater harvesting systems and dual plumbing, condensation water harvesting and advanced low-flow toilets, and through continued water-resilience planning.</p> <p>Additional water-efficiency initiatives are continuously investigated.</p>	<p>Smart-metering systems were rolled out across the portfolio, and comprehensive energy audits were conducted. Our total installed solar PV capacity equating to 2.8% in 2022 (2021: 2%).</p> <p>The upgrade of equipment such as lifts, escalators, lighting, air-conditioning systems and other technical equipment across the portfolio to more energy-efficient options will continue.</p> <p>Detailed investigations on HVAC equipment are underway to match the existing equipment lifespan with replacement equipment timing, with an opportunity to reduce energy consumption.</p> <p>Ongoing investigations to identify opportunities in renewable energy wheeling are underway.</p> <p>L2D is currently generating 3 980 MWh (2021: 2 966 MWh) of energy from the solar structures at Eastgate Shopping Centre, Promenade and Midlands Mall.</p>



# ENERGY

The property industry is a significant contributor to carbon emissions and energy consumption, and South Africa is a disproportionate contributor in this regard due to our reliance on coal-derived electricity. On this basis, we are committed to investing responsibly in all portfolio resources to support a sustainable environment. This will be achieved through energy sources that accelerate the usage of clean and reliable energy solutions, contributing to fulfilling our purpose of creating experiential spaces to benefit generations.

## OUR ENERGY-USE STRATEGY

L2D aims to achieve Net-Zero Carbon by 2030. Our goal is to decarbonise our built environment and inspire our peers and others to also reduce their carbon

footprints. We achieve this by reducing our Scope 1 direct emissions and Scope 2 indirect emissions in our value chain.

Read more information about our carbon footprint on page 39.

### Our business model promotes efficient usage of energy and a transition away from fossil-based fuels.

We aim to reduce energy consumption and eliminate energy-related emissions from existing buildings. We continue to investigate the feasibility of renewable and alternative energy on a complete life cycle cost basis and add to the current investment in these projects where suitable returns and payback periods are realised.

## PROGRESS MADE

### L2D has implemented portfolio-wide energy management improvements.

We continue progress towards Net-Zero Energy by 2030 with a total installation in solar capacity of 3 MW [AC], with 1 MW [AC] installed at Eastgate, Midlands Mall and Promenade respectively. 14 MW [AC] is in the pipeline and will be installed across the portfolio by 2024. We are also exploring the opportunity of energy wheeling, which is progressing well.

We met energy performance certificate regulations for offices ahead of the December 2022 deadline.

As we promote the adoption of environmental principles throughout our operations, we continue to work with tenants to improve efficiencies and the establishment and execution of green leases for both new deals and renewals of leases with existing tenants.



**Our energy-use strategy is the responsibility of L2D Asset Management under the leadership of the Chief Operations Officer, with oversight from the Executive Management and the Board.**



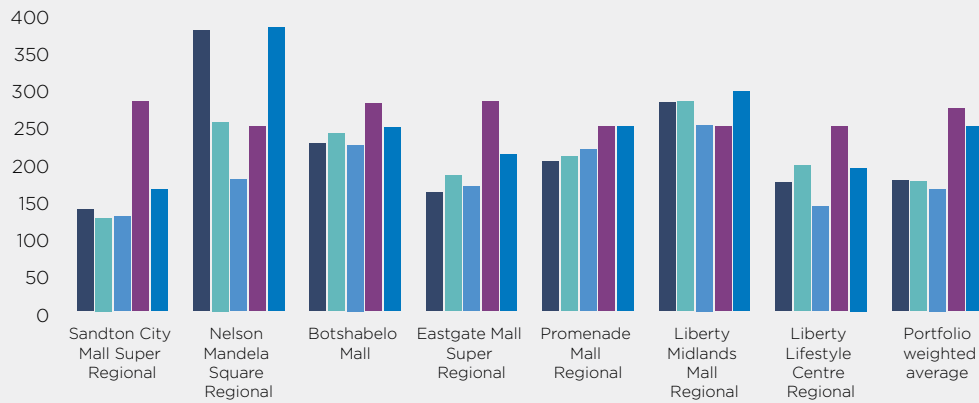




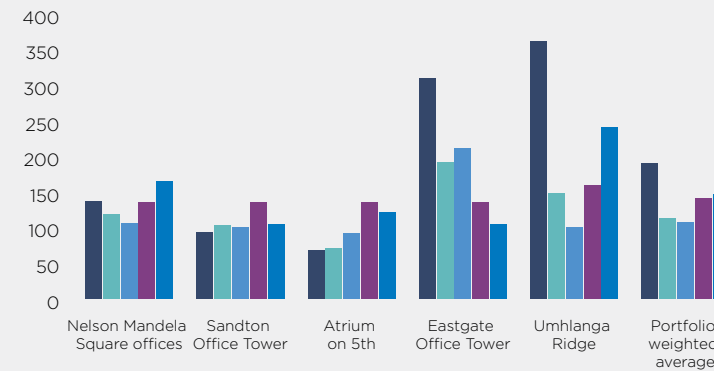
ENERGY CONTINUED

# ELECTRICITY PERFORMANCE: OFFICE AND MALL AVERAGES (KWH/M<sup>2</sup>/ANNUM)

Malls' energy performance: 2020 to 2022 (KWh/m<sup>2</sup>/annum)



Offices' energy performance: 2020 to 2022 (KWh/m<sup>2</sup>/annum)



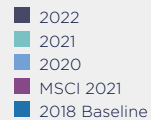
Umhlanga Offices energy use intensity increased as a result of new tenants.

\*\* The Intensity table above was corrected for 2018, 2020, 2021 datasets to incorporate diesel and PV contributions to overall energy intensity as these numbers were omitted from prior ESG reports. Only Grid electricity was reported.

Further data corrections included the removal of embedded consumption such as the Michael Angelo hotel, Raphael apartments that were previously included in Nelson Mandela Square intensity calculations.

A final correction was the Portfolio average that was changed to a weighted average to provide the portfolio number on an appropriate contribution basis.

The Portfolio MSCI Benchmark was weighted in line with the portfolio GFA contribution.



\* All below MSCI 2021 Benchmark with the exception of NMS and Midlands Mall due to higher trading in the period.



ENERGY CONTINUED

### Behavioural change

Almost 70% of the energy used in L2D malls is consumed in tenant spaces. We are currently considering measures to facilitate tenant awareness and behaviour change, including:

- Introducing green leases governing energy-efficient practices.
- Investigating financial incentives to allow for the rapid upgrade of tenant lights.
- Providing increased transparency to tenants on their consumption data, over and above monthly billing.
- Providing tenants with advice on relevant energy-efficient technologies.

### ENERGY CONSUMPTION AND REDUCTION

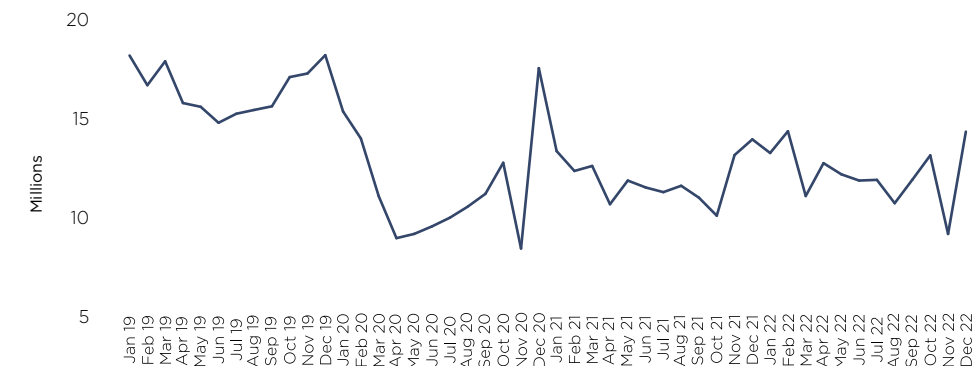
In line with L2D property operations requirements and all relevant legislation and bylaws, L2D is committed to complying with all energy-management laws, regulations and codes of practice in existing operations, upgrades and new developments.

### Total energy consumption

	Unit	2022	2021	2020
Total electricity purchased (grid) <sup>1</sup>	MWh	138 153	135 097	130 140
Total electricity generated (solar PV) <sup>2</sup>	MWh	3 980	2 966	1 235
Total electricity generated (diesel)**	MWh	4 891	1 683	551
<b>Total</b>	<b>MWh</b>	<b>147 024</b>	<b>139 746</b>	<b>131 927</b>

<sup>1</sup> Total electricity generated from renewables increased as a result of Promenade system going live.  
<sup>2</sup> Diesel consumption significantly increased as a result of loadshedding  
 \*\* The table above data sets for 2020, 2021 was corrected.  
 Purchased electricity data corrections included the removal of embedded consumption for 2020 and 2021 assets not owned by L2D but, whose energy consumption is linked to L2D's assets (Michael Angelo hotel and Raphael apartments).  
 The Diesel generated values were correctly calculated to MWhrs from the old datasets where litres were erroneously used.

### Portfolio energy consumption trend (millions KWh) 2019 to 2022



Portfolio energy consumption has been trending downwards compared to the 2018 baseline. This is driven by energy efficiency interventions such as energy-efficient lighting installations and tenant energy usage improvements. The significant reduction in 2020 was mainly driven by COVID-19 restrictions and reduced activities in the buildings.

### Continuous energy performance assessment and disclosure

We continually assess and benchmark the energy performance of each of the properties owned by L2D. This enables us to understand the portfolio's operational performance relative to similar buildings and when compared across the portfolio.

To monitor usage and enhance our property managers' capabilities, we installed smart energy metering at Sandton City, Nelson Mandela Square, Liberty Promenade, Liberty Midlands Mall and Eastgate Shopping Centre. This metering system takes readings at half-hourly intervals and is subject to regular data-integrity verification and annual third-party data assurance.

### Grid electricity consumption intensity

On average, the energy-use intensity in our buildings has decreased by almost 2% compared to 2021 in retail. The increase in the office portfolio is due to normal business operations after the COVID-19 lockdown impact of 2020/2021.



## ENERGY CONTINUED

## Grid electricity consumption

	Unit	2022	2021	2020
Grid electricity consumed in malls <sup>1</sup>	MWh/annum	<b>119 265</b>	121 662	117 194
Change in grid electricity consumed in malls from the previous year	%	<b>(2.0)</b>	3.8	
Grid electricity consumed in offices	MWh/annum	<b>18 889</b>	13 435	12 947
Change in grid electricity consumed in offices from the previous year	%	<b>40.5</b>	3.7	-
Total spend on grid electricity	Rand	<b>254 672 107</b>	238 145 217	207 604 290
Change in grid electricity spend from previous year	%	<b>4.5</b>	(2.9)	(8.6)

<sup>1</sup> Increased activity at the retail centres due to eased lockdown restrictions has resulted in an increase in energy usage.

## RENEWABLE ENERGY PRODUCTION

**We set a minimum target that 3% of our portfolio's energy baseload will be met from renewable/clean-energy sources by 2022. This was achieved through onsite solar energy production.**

## Solar PV

Solar power is a cost-effective, efficient and environmentally friendly way to generate our own electricity. We invested R15.6 million on the Promenade solar system over 2021 and 2022 and have increased our solar PV generation capacity to 3 Mw [AC](2021: 2 MW [AC]).

In total our three systems have cost R23.6 million at Eastgate Shopping Centre, R15.6 million at Promenade and R12.8 million on Midlands Mall.

As a result of the installation of solar installations, we reduced our carbon emissions by 3 741 tCO<sub>2</sub>e. Our solar PV capacity currently produces 2.8% of our total electricity consumption.

## Renewable energy production

	Unit	2022	2021	2020
Total solar PV capacity installed	MW [AC]	<b>3</b>	2	2
Solar energy produced	MWh	<b>3 980</b>	2 966	1 235
Annual savings in electricity spending as a result of solar PV installations	Rand	<b>6 691 529</b>	4 530 783	917 810

## Fossil Fuel energy production

	Unit	2022	2021	2020
Diesel energy consumed in malls <sup>1</sup>	KWh/annum	<b>4 891</b>	1 683	447
Change in diesel energy consumed in malls from the previous year	%	<b>182</b>	258	
Diesel energy consumed in offices	KWh/annum	<b>370</b>	53	48
Change in diesel energy consumed in offices from the previous year	%	<b>598</b>	10	-

Severe rolling grid power cuts in 2022 resulted in the increased use of diesel generators.

## PROMENADE SOLAR PV STRUCTURE

L2D has implemented portfolio-wide energy-management improvements, including Promenade Mall's 1 MW [AC] solar project commissioned in June 2022. This investment will offset the centre's carbon footprint by 2 300 tonnes of carbon dioxide per year if the additional impact of reducing generator emission reductions is added to the PV component.



ENERGY CONTINUED

This solar installation will generate 5 382 KWh per day, which is equivalent to powering 179 houses per day and 1 964 539 KWh per year.

This 1 MW [AC] solar installation is our third installation, following similar successful installation at the Midlands Mall and Eastgate Shopping Centre. An additional 3.5 MW [AC] is currently in the pipeline.

## CARBON FOOTPRINT

Our annual carbon footprint is reported against the Greenhouse Gas (GHG) Protocol. GHG emissions are categorised into three scopes by the protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling. Finally, Scope 3 includes all other indirect emissions in L2D's value chain.

### Greenhouse gas emissions

	EMISSIONS TCO <sub>2</sub> E			
	2022	2021	2020	2019
<b>Scope 1</b>				
Stationary combustion	<b>4 048</b>	1 434	472	509
Product use: Refrigerant gases (Kyoto Protocol)	<b>862</b>	861	1 266	1 493
<b>Total</b>	<b>4 910</b>	2 295	1 738	2 001
<b>Scope 2</b>				
Purchased electricity	<b>43 677</b>	42 961	39 823	53 023
<b>Total</b>	<b>43 677</b>	42 961	39 823	53 023
<b>Scope 3</b>				
Downstream leased assets: Purchased electricity, purchased goods and waste-generating operations	<b>101 914</b>	100 242	92 920	123 721







# WATER

South Africa is a water-scarce country, yet water plays a critical role in the economic growth and development of the country. Water resources are also continuously under threat from pollution, compounded by ineffective water quality, water management, and multiple infrastructure failures and outages in South Africa. Responsible management of the water resources under our care is, thus, a crucial concern for L2D from both a moral and commercial perspective.

The current withdrawal of fresh water from natural sources can lead to devastating consequences for the environment. We, therefore, aim through water-saving initiatives to proactively respond to the inherent risks that are posed by changes in the water supply.

To reach Net-Zero we must minimise our consumption of potable (municipality supplied) water and manage our water resources effectively. We have implemented improved measures to account for all our water sources. We, thus, verify sources other than water withdrawal volumes, including water withdrawal quality, discharges, consumption and recycling. We have also implemented various initiatives focused on improving efficiencies, including using potable water for handwashing and showering, and greywater for irrigation, toilets and urinals.

Our interventions include reducing potable water use in buildings which decreases the total amount withdrawn. These strategies protect the natural water cycle and save water resources for future generations. Furthermore, reductions in water consumption decrease building operating costs and bring about other economic benefits, especially for tenants.

In line with our Net-Zero Water and carbon strategies, the major sites' HVAC systems have been identified as considerable contributors to energy and water consumption, impacting our carbon numbers. HVAC systems optimise the amount of energy required to cool buildings. These systems account for between 30% to 50% of building energy usage and approximately 20% of the portfolio's water. Therefore, replacing these items at the end of the useful life with more modern, efficient equipment will directly contribute to our Net-Zero progress.

The target is to transition the HVAC systems throughout the portfolio from water-cooled to air-cooled systems. This helps eliminate large-site water requirements and improve the plant's overall energy efficiency. This, coupled with the futureproofing of this system, will directly ensure a more robust asset in the long run. This programme will be phased over three to four years. Design and procurement has been completed. The main plant

replacement is targeted for the end of 2023 with a component of the air-handling units. The balance of the air-handling units will be upgraded from 2023 to 2025.

## OUR WATER-USE STRATEGY

We aim to achieve a landlord Net-Zero Water status under Scope 1 and 2 by 2025. This will be achieved through the continuous reduction of water usage and reuse in the portfolio. We are investigating rainwater harvesting and water-treatment opportunities to promote water efficiency, where financially viable, thus reducing the risk associated with a limited water supply and climate change impacts.

Our water strategy focuses on two key deliverables:

- The security and safety of supply.
- The optimisation of our consumption.

To ensure the security of supply, we pursue water harvesting, treatment and storage facilities in line with regulations that require water use licensing to maintain a safe supply of treated water to our buildings.

Our water consumption is determined mainly by the behaviour of our tenants and visitors to our shopping centres. We engage with these stakeholders through various mechanisms, including Green Star SA certifications to encourage responsible water use.

We manage water use efficiency in terms of our smart management approach based on key measurements, which enable early leak detection and regular maintenance of equipment.

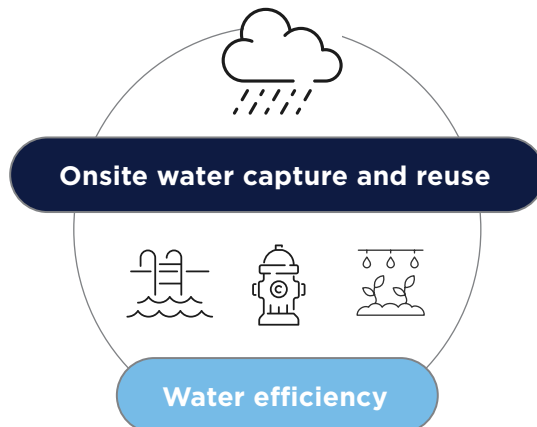
In 2022, we reduced our water use by 2.2% (2021: 1.5%).



WATER CONTINUED

WATER FRAMEWORK		
Security and safety of supply		Water use optimisation
Water harvesting, recycling and storage	Influence and engagement	Water efficiency interventions
Groundwater and wastewater treatment facilities	Green Star SA certifications	<ul style="list-style-type: none"> <li>• Smart management</li> <li>• Leak detection</li> <li>• Automatic shutdown valves</li> <li>• Targeted equipment replacement</li> </ul>
Rolling out smart bulk metering and leak detection systems		

**Preferred pathways followed by L2D to achieve Net-Zero Water**



**Water optimisation**

Smart water meters are used extensively to measure our water consumption accurately to detect leaks and gain valuable insight into the water distribution in our networks.

**Progress made**

We achieved a 2% water reduction compared to 2021, and a 29% reduction compared to 2019, due to the decline in potable water use in our buildings, as well as other water-saving initiatives.

Pipeline projects have been identified that can deliver over 40% of current consumption per annum by 2025.

A detailed investigation into the HVAC systems within the portfolio has been completed, and opportunities have been identified. This will reduce water usage and result in a gradual transition to an air-cooled system, including the modernisation of the airside infrastructure to reduce energy usage. This solution will be rolled out within our CAPEX programme in the next three to five years.

Rainwater harvesting opportunities and blackwater treatment facilities have been considered at all properties. These will be rolled out between 2022 and 2025.



**L2D’s water strategy is the responsibility of L2D asset management under the leadership of the Chief Executive, with oversight from leadership and the Board.**

We continue to install water-saving devices such as aerators, water pressure control and timed taps.

**WATER CONSUMPTION AND REDUCTION**

**L2D has saved 17 million litres of water in the past year across the portfolio.**

Work is underway on Eastgate to implement rain and grey-water harvesting systems.

Sandton City’s feasibility study is nearing completion.

Midlands Mall and Promenade already have rainwater harvesting solutions in place with further investigations to improve performance.

Furthermore, investigations are underway to implement onsite wastewater treatment solutions at our retail centres to recover blackwater, and convert into potable water standards.

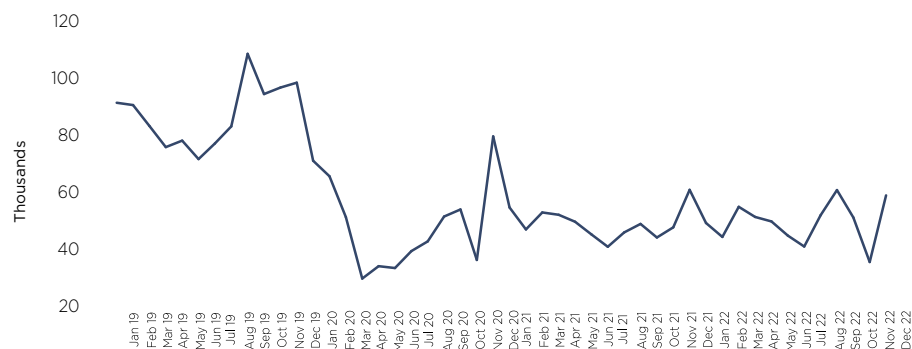


WATER CONTINUED

## Midlands Mall’s rainwater harvesting

A total of 35 000 kilolitres of rainwater was collected since the programme’s inception in May 2019. The system has yielded a cost-saving of over R1 million to date.

### Water consumption trend



## Portfolio water consumption trend

Total portfolio water consumption has been trending downwards compared to the 2018 baseline. This is driven by water-efficiency interventions, including flow-rate aerator installations in common areas and toilets and the identification and repair of water leaks.

### Total water consumption

	Unit	2022	2021	2020
Total water consumption	kl	<b>580 403</b>	585 167	562 986
Change in total water consumption from previous year	%	<b>(0.8)</b>	3.9	-
Municipal water consumption	kl	<b>563 795</b>	572 870	556 175
Percentage municipal water (of the total water consumed)	%	<b>97.1</b>	97.9	98.8
Total rainwater harvested	kl	<b>16 608</b>	12 298	3 762
Rainwater harvested as a percentage of total water consumption	%	<b>2.9</b>	2.1	1.2

Katherine Street water and hotels consumption deducted from the total water consumption. Total water consumption restated for 2021 to include rainwater harvesting.

## Water intensity

	Unit	2022	2021	2020
Average water consumed per m <sup>2</sup> in malls	kl/m <sup>2</sup> /annum	<b>0.68</b>	0.70	0.67 <sup>1</sup>
Change in water use from the previous year	%	<b>(2.8)</b>	4	
Average water consumed per m <sup>2</sup> in offices	kl/m <sup>2</sup> /annum	<b>0.60</b>	0.53	0.56
Change in water use from previous year	%	<b>13</b>	(5)	-
Total spend on water	Rand	<b>51 324 598</b>	38 100 231	36 959 716
Change in water spend from previous year	%	<b>34.7</b>	3	(10.8)

<sup>1</sup> Increased activity at the offices resulted in an increase in water consumption. The revised reporting methodology (which excludes buildings that are outside the landlord’s operational control i.e. hotels etc.) has resulted in intensities reduction at the retail centres.

## Water discharge

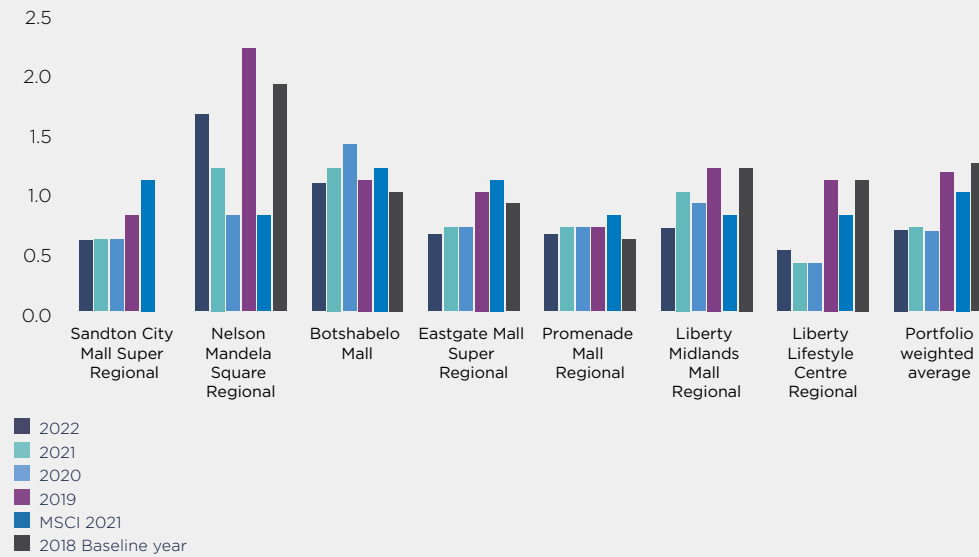
	Unit	2022	2021	2020
Total wastewater discharged	kl	<b>580 403</b>	585 167	562 986
Percentage of wastewater sent to municipal sewers	%	<b>100</b>	100	100



WATER CONTINUED

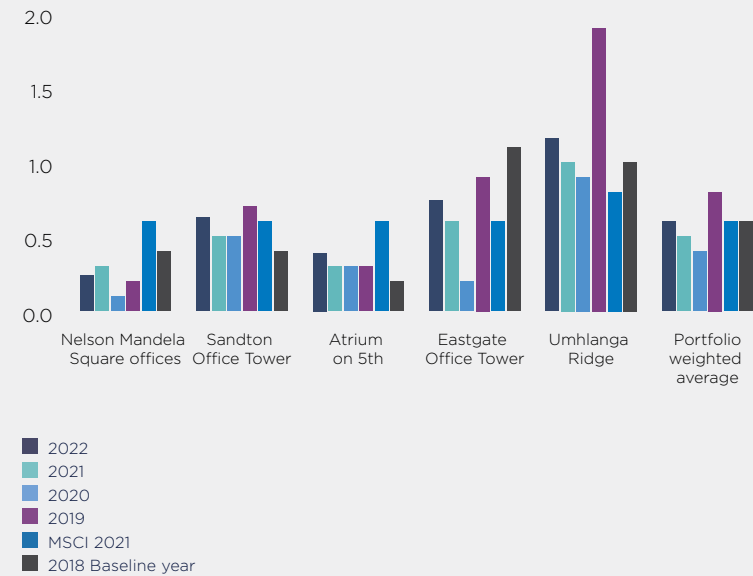
## WATER USE PORTFOLIO AVERAGES (KI/M<sup>2</sup>/ANNUM)

Malls' Water use: 2020 to 2022 (kl/m<sup>2</sup>/annum)



Nelson Mandela Square traded at higher levels post COVID-19 closes.

Water performance in offices: 2019 to 2022 (kl/m<sup>2</sup>/annum)



Offices average water use intensities re-stated after a revised calculation which takes into consideration the building size and energy demand on a weighted average.





# WASTE

**The pandemic has provided a new opportunity to reset our environmental future, presenting ways to rebuild and renew. Therefore, it is imperative that as government and the private sector focus on rebuilding, opportunities to accelerate the transition to a cleaner economy are also considered.**

## OUR JOURNEY TO NET-ZERO WASTE

We are pleased to report that we have achieved almost 90% diversion across the portfolio by December 2022 (compared to December 2021 of 75% month-to-month).

While this is excellent progress in a short period, L2D is progressing to commence with Net-Zero Waste accreditation once plans are in place to address all waste sources that have not been able to be recycled or composted to date.

During the year, 6 148 tonnes of waste was diverted (2021: 2 889 tonnes). This was achieved through innovative technologies implemented at our properties, including waste composters, recycling hubs and recycling units. Once optimal levels of recycling, composting, and waste diversion from landfill are achieved per site, alternative waste treatment processes will be used on residual waste. This includes creating a circular economy for waste through the potential use of initiatives such as waste-to-concrete and waste-to-energy.

We have made substantial investments in ensuring that our world-class waste management sites are optimised to treat organic waste onsite to ensure recycling is maximised and waste is minimised.

Separation at source billing has been implemented at Midlands Mall and Promenade, and is scheduled for Sandton City and Eastgate in Q2 2023.

### Single-use problematic plastics

**Our goal is to eliminate and reduce problematic plastics from our retail environments and create meaningful behaviour change.**

In 2022, we appointed the Green Building Council of South Africa (GBCSA) to assist in a tenant audit regarding their conversion to eliminate the use of single-use problematic plastics from tenant businesses. This audit aimed to understand the extent of the use of single-use plastics offered at point of sale to customers, and how this behaviour could be changed. We also wanted to understand what barriers and challenges were faced by tenants and learn what alternatives were available.

Factually, a significant finding from this audit revealed that the alternatives available may pose greater negative impacts to the environment, and that re-use is the single biggest contributing factor to a plastic bag's environmental impact. Based on this finding, we have amended our strategy regarding single-use plastics to define the use and scope of certain plastic products instead.

We implemented our revised retail shopper carrier bags and environmentally harmful products policy in September 2022 with the aim to give clarity and define the scope relating to the use of certain plastics and plastic products within the retail environment.

Ultimately, our goal is to help reduce problematic plastics and direct and support retailers and consumers in shifting to more sustainable choices at point of sale. We will continue to explore new ways to reduce our waste and to run initiatives that educate our people, tenants, suppliers and customers to act responsibly.

### Net-Zero Waste certification

L2D has appointed an independent consulting company to assist with our Net-Zero Waste submission.



**Our waste strategy is set by L2D under the leadership of the Chief Operating Officer and implemented by the Head of Good Spaces.**



WASTE CONTINUED

Total waste

	Units	2022	2021	2020
Total waste generated (tonnes)	(tonnes)	7 477	5 298	3 986
Recycled (%)	(%)	82.2	54.5	38.4
Landfill disposal (%)	(%)	17.8	45.5	61.6

2020 and 2021 adjusted to be weighted averages.

Total non-hazardous solid waste composition

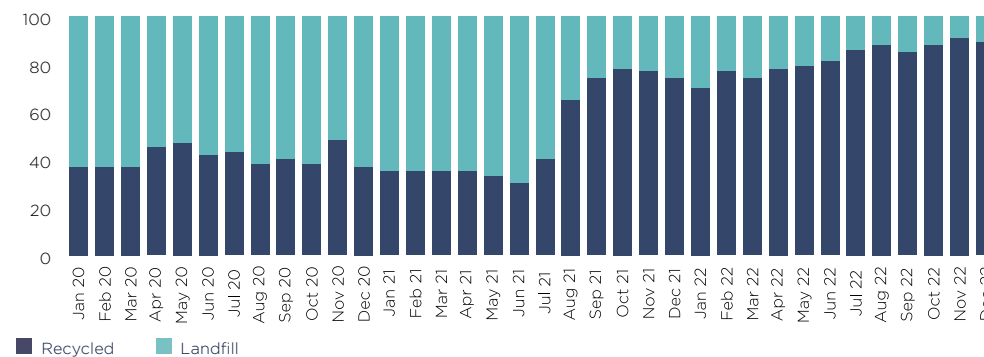
	Units	2022	2021	2020
Paper	(tonnes)	2 279	1 526	1 384
Plastic	(tonnes)	664	240	181
Glass	(tonnes)	552	267	196
Metal	(tonnes)	66	26	21
Organic waste	(tonnes)	1 380	314	170
Tetra Pak	(tonnes)	10	12	7
General - mixed waste	(tonnes)	1 330	1 706	1 203

\*\* 2020 plastic waste stats corrected

Total diversion rate

	Units	2022	2021	2020
Landfill	(%)	17.8	45.5	61.6
Recycled	(%)	82.2	55.5	38.4

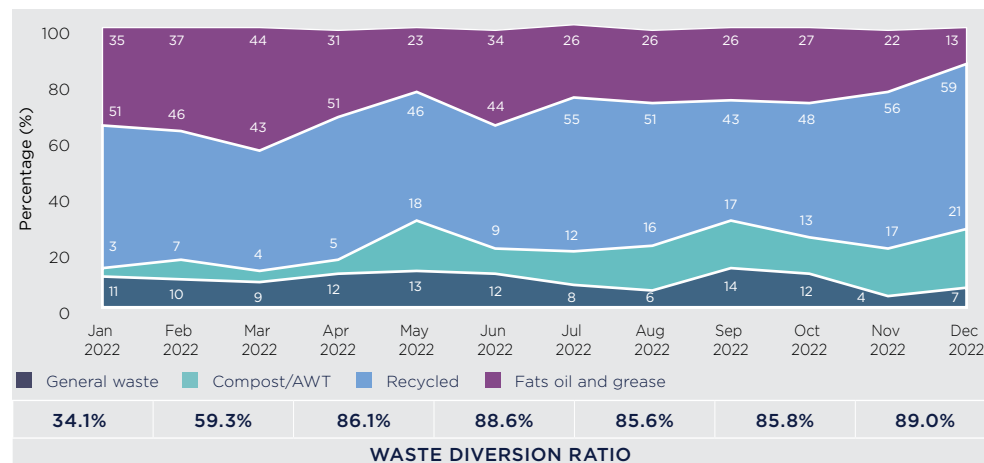
Waste diversion trend



Total organic waste diversion

	Units	2022	2021	2020
Compost generate	(tonnes)	1 380	314	139
Landfill space avoided	(m <sup>3</sup> )	3 036	356	394
Carbon emissions avoided	(tonnes)	2 373	596	292

Diversion rate achieved





## WASTE CONTINUED

## Reverse vending machines (RVMs)

Our reverse vending machines at Sandton City and Eastgate Shopping Centre remain successful and continue to educate and reward customers for recycling. Rewards include airtime, Shell V+ and Easyequities investments when they deposit their recyclable packaging waste.

RVMs are an innovative solution for collecting waste, and a way for shoppers to tangibly contribute towards recycling and diversion from landfill while creating public awareness of and providing incentives for waste management practices.

The RVMs enable packaging focused identification through barcodes and shape recognition. The technology can provide quantified packaging statistics through cross-referencing to a packaging database. These remote management platforms provide the foundation for unassisted user interaction and are a clean, efficient method of allowing the public to deposit packaging waste.

Sandton City has five RVMs for shoppers to drop off recyclables and earn rewards. Since installation in 2019, 41 tonnes of waste have been recycled through the RVMs, and almost 24 tonnes in this past year alone (2021: 11 tonnes). Eastgate Shopping Centre has two RVMs which were installed in 2022, with a total of 6 tonnes of waste recycled.





WASTE CONTINUED

### Increased waste diversion at Eastgate Shopping Centre

The Eastgate Shopping Centre is a major regional shopping centre within the Johannesburg area with a gross-lettable area (GLA) of 145 240 m<sup>2</sup>, which achieved an average waste-diversion rate of 92%. The accompanying graph illustrates the progress in the waste-diversion rate achieved from the previous historical average of 34.1% as at July 2021 to a current diversion rate of 97% as of January 2023.

Reviewing year-on-year comparatives, waste diversion at Eastgate has increased from 86% in 2021 up to as high as 96% in 2022.

The following key interventions have together contributed to the current level of success:

- Accurate measurement of all waste and recyclables generated.
- Clearly defined contractual performance targets.
- Close and frequent interaction between L2D as the employer, WastePlan as a service provider, and our tenants as waste generators.
- Finding markets for products that were historically non-recyclable. Based on the optimisation of processes in accordance with the conventional waste hierarchy that has now been achieved, we are currently engaging with our service provider in the next phase of our strategy, which is focused on the beneficiation and repurposing of the residual waste and the attainment of our Net-Zero Waste goal.
- Focus on the reduction of contamination at source through tenant training programmes.
- Identification and tracking of waste from source generators.
- Optimisation of recycling efficiencies.
- Provision of equipment for both onsite and offsite composting of relevant, suitable materials.

### Total waste generated by weight

	Unit	2022	2021	2020
Total waste generated	tonnes	<b>7 477</b>	5 298	3 986
Percentage of recycled/composted	%	<b>91.7</b>	54.5	348.4
Percentage of landfill disposal	%	<b>8.3</b>	45.5	61.6

This reflects the average waste streams for the full year.







WASTE CONTINUED

Non-hazardous solid waste composition

	2022	2021	2020
Paper <sup>1</sup>	2 279	1 526	1 384
Plastic <sup>2</sup>	664	240	181
Glass <sup>3</sup>	552	267	196
Metal <sup>4</sup>	66	26	21
Organic waste <sup>5</sup>	1 249	314	170
Tetra Pak <sup>6</sup>	10	12	7
Mixed waste <sup>7</sup>	1 329	1 706	1 203

- <sup>1</sup> Total paper output comprises 80% paper cardboard, which is diverted to recycling.
- <sup>2</sup> Plastics include PET, HDPE, Polyprop and plastic film, which are diverted to recycling facilities.
- <sup>3</sup> Glass waste is diverted to recycling.
- <sup>4</sup> Beverage and food can waste is diverted to recycling.
- <sup>5</sup> Food, contaminated cardboard and other organics make up the bulk of the organic waste generated across the portfolio.
- <sup>6</sup> Beverage cartons are diverted for recycling.
- <sup>7</sup> Mixed waste comprises recyclables that require further sorting before disposal.

Organic waste diversion

	Unit	2022	2021	2020
Total compost generated <sup>1</sup>	tonnes	1 249	314	139
Total landfill space avoided	m <sup>3</sup>	3 036	356	394
Total carbon emissions avoided	tonnes	2 373	596	292

<sup>1</sup> Total compost generated by the In-Vessel-Composters installed onsite at Eastgate, Sandton City and Midlands offsite diversion of the organic waste from Promenade to Zero to Landfill.





# GREEN BUILDINGS

**Green spaces are crucial for people to connect with nature and their communities. We see green buildings as an opportunity to use our resources more efficiently and address climate change while creating healthier and more productive environments for tenants, shoppers and communities.**

The Liberty Group is a founding member of the Green Building Council South Africa (GBCSA). The GBCSA's goal is to inspire a built environment in which people and the planet thrive – these goals resonate with L2D.

The GBCSA has developed rating tools that recognise and reward environmental leadership and provide a valued symbol of sustainability achievement. The rating systems and tools create a common language and standard of measurement for green buildings, promoting integrated, whole-building design during their operations.

Our Asset Management Executive, Brian Unsted, is the current Chairman of the GBCSA. Brian has an unparalleled passion for the green building agenda and has made great strides at the helm of GBCSA. Brian drives sustainability

through the Good Spaces strategic building block at L2D. His role includes ensuring the implementation of sustainability interventions to drive towards the set Net-Zero strategies in the waste, water and carbon space.

## GREEN STAR CERTIFICATION

To achieve our Net-Zero targets, we must manage natural resources as efficiently as possible. This operational excellence is independently verified by obtaining Green Star certification, an internationally recognised and trusted mark of quality. Our entire retail portfolio received green star ratings in 2021; this is a tremendous accomplishment and illustrates our true commitment to sustainability while showcasing the benefits of greener retail. We are aiming for re-certification in 2024.

We are cognisant of the role we play in how businesses interact with stakeholders, local communities and society more broadly. Our achievements form part of our strategy to play a supporting role in the communities our malls serve. Our commitment to driving our Good Spaces objectives also includes our tenants as vital contributors to our Net-Zero journey and operational practices.

During the year we achieved:

- A 6-Star, Green Star Interiors V1 certification for the L2D head office.
- We hold six Green Star SA Certifications in total for our retail portfolio, including a 6-star rating for Sandton City, all under our existing buildings' performance certification.

### Green-Star-rated existing building performance

Building	Green Star Certification
Sandton City	6 Star
Eastgate Shopping Centre	5 Star
Midlands Mall	5 Star
Nelson Mandela Square	5 Star
Promenade	5 Star
Botshabelo Mall	4 Star
L2D offices	6-Star, Green Star Interiors V1 certification
Umhlanga Ridge	4 Star







# BIODIVERSITY

L2D has embarked on a journey to ensure that it has as minimal impact on biodiversity as possible. We have appointed a consulting company to assess our impact, commencing with site visits, reviews and then recommendations on any areas for improvement.

We ensure that we do not harm any vulnerable species or sensitive ecological systems on the land we have earmarked for development. We replace impermeable surfaces, bare ground and weed-infested areas with endemic plants, which have naturally adapted to the local environment, to ensure our landscaping contributes positively to the preservation of biodiversity, including water resources.

Our landscape management plans adopt best landscape management practices, which aim to safeguard the environment, as well as to protect public health, conserve natural resources, reduce impacts of invasive species on the natural environment, and improve biodiversity endemic plant species protection. Plants are regularly checked for signs of disease, infestations, and other conditions that may lead to plant death or deterioration, invasive species are managed, and indigenous species are planted and nurtured.

Our pest-management plan is designed to minimise the impact of site management practices on local ecosystems and reduce their exposure to potentially harmful

contaminants. Integrated methods that use monitoring and non-toxic preventative measures are used to proactively manage pest issues, where possible, and least-toxic pest-control options are employed when necessary.

We aim to promote more sustainable practices through an increase in habitats that welcome fauna and flora, among other environmentally sustainable initiatives, which will, in turn, improve the valuation of our properties. We believe we will see the benefit of our biodiversity initiatives in the following areas:

- Cleaning practices.
- Connection to nature.
- Development (building on greenfields, urban sprawl, etc.).
- Hydroponics/urban food gardens.
- Less invasive alien species in landscaping.
- Procurement policies.
- Reduced water use in landscaping.
- Refuse collection/waste recycling.
- Stormwater management.
- Tenant/supplier impact.
- Water and drainage systems.

## SUPPORTING THE WILDS FOUNDATION

The Wilds Nature Reserve is a 16-hectare inner city park and nature reserve in the suburb of Houghton, Johannesburg. In 2022, we donated R100 000 towards the environmental preservation of the East Wilds area of the reserve, a 20-acre section of indigenous flora on north-facing hills.

Friends of the Wilds employed a small team of workers to be onsite six-months. Their efforts resulted in great success, including:

- A dramatic reversal in the rate of weed infestation.
- Increased diversity of plant species.
- Conversion of several acres of lawn to wild grass.
- Planting of approximately 600 indigenous bulbs, 500 cuttings and the propagation and seeding of thousands of new plants.

These activities have helped ensure that residents from the nearby inner city (Yeoville, Berea and Hillbrow) and suburbs to the north can continue to enjoy the beautiful green space for walks, picnics, birding and more.

## THE ENVIRONMENTAL IMPACT OF OUR SUPPLIERS

To encourage, support and facilitate the purchase and use of products, materials and services that minimise the harmful effects on the environment from their production, transportation, use and disposal, a sustainable procurement and purchasing policy was implemented across L2D and its property management agent. The purpose is to govern the purchase of ongoing consumables, durable goods, and other materials.

We aim to reduce waste generated through daily operations and recognise that such reduction begins with the materials that enter our facilities. Accordingly, we endeavour to minimise packaging material on items packaged and delivered to various operations.

L2D started recording and tracking procurement purchases according to green procurement ratings in 2022, to give preference to products and services that do not contain any harmful ingredients or use environmentally unsound or hazardous materials.



7

# OUR SOCIAL IMPACT

## NELSON MANDELA SQUARE

5 STAR GREEN-STAR RATING

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# SOCIAL IMPACT OVERVIEW

Supporting sustainable and inclusive economic growth within the communities in which we operate is imperative for our business. We are committed to actively serving, investing in, and supporting our communities while recognising the more significant stewardship role that our organisation must play.

## OUR KEY PERFORMANCE INDICATORS

FOCUS AREA	RELATED SDG	TARGETS	2022 PROGRESS
Human capital development		<ul style="list-style-type: none"> <li>100% of our people to receive structured learning.</li> </ul>	<ul style="list-style-type: none"> <li>100% of our people to received structured learning.</li> </ul>
Health and safety	 	<ul style="list-style-type: none"> <li>Zero recordable work-related injuries and zero work-related illnesses.</li> </ul>	<ul style="list-style-type: none"> <li>Zero recordable work-related injuries and zero work-related illnesses.</li> </ul>
Diversity and inclusion	  	<ul style="list-style-type: none"> <li>B-BBEE Level 1 certified as at 28 March 2023 (2021: Level 2).</li> <li>Established Diversity Policy in place.</li> <li>Signatory of the Women Empowerment Principles (WEPs).</li> </ul>	<ul style="list-style-type: none"> <li>B-BBEE Level 1 status awarded.</li> <li>Our CE launched our "one woman at a time" challenge, where we prioritise gender diversity and inclusiveness.</li> <li>We apply these principles through our enterprise development, procurement, supply value chain and hiring policies.</li> <li>The Board comprises of 55% female and 45% male directors, and 55% black and 45% white directors, with black female directors comprising 45% of the Board.</li> <li>The recent appointment of Yongie Ntene (our Chief People and Culture Officer), the appointment of Barbara Makhubedu as our Chief Financial Officer from 1 March 2023, and the appointment of Nonhlanhla Mayisela, Itumeleng Dlamini and Philisiwe Mthethwa as independent non-executive directors affirms our position as a transformed and inclusive leader in the REIT sector in South Africa.</li> </ul>
Community		<ul style="list-style-type: none"> <li>All malls SAFE certified</li> <li>30% of procurement spend on black-women-owned businesses.</li> </ul>	<ul style="list-style-type: none"> <li>All malls were SAFE certified.</li> <li>30% of procurement spend on black-women-owned businesses.</li> </ul>

## OUR SOCIAL IMPACT STRATEGY

L2D is part of a greater socioeconomic ecosystem, and we recognise that we are dependent on robust relationships with all our stakeholders. We appreciate the critical roles they play and remain committed to nurturing impactful, mutually beneficial relationships that combine to create sustainable value.

Sustainability is central to everything L2D does and has become a point of pride for our people at all business levels. Our commitments in this regard are supported by a comprehensive implementation plan that outlines priorities, risks, opportunities, targets and action plans.

**With oversight at Board level, our social impact strategy is the responsibility of L2D Exco and leadership.**



# STAKEHOLDER MANAGEMENT

## ENGAGING TO BUILD VALUE

**We view stakeholder engagement as a critical and continuous process that helps determine our material matters, which then provides essential inputs into our strategic decision-making.**

We value our stakeholder relationships and align our efforts to build long-term partnerships with them. We group our stakeholders in terms of their level of influence and our social impact. By striving to understand and address their legitimate needs, and then applying all relevant inputs to our decision-making, we can create meaningful value and improve stakeholder confidence over the short, medium, and long term.

Various engagement methods take place at all levels of the business, and by addressing the outcomes of these engagements, we can drive business success. We remain committed to ensuring every interaction is transparent, accurate, timely, inclusive, appropriate and constructive. Our goal is to provide stakeholders with all the relevant information they need to accurately assess our performance and prospects because we understand that our reputation hinges on our relationship with our stakeholders.

The following tables set out our key stakeholder groups, how we engage with them and the outcomes from these interactions. The relationship rating represents our internal analysis of the quality of our relationships, while also considering their influence on L2D and our impact on them.

## ANALYSIS OF L2D'S STAKEHOLDERS

We continue to improve our understanding of our stakeholders' needs, ensuring their impact on us and our impact on them create sustained value.

	LOW	MEDIUM	HIGH
Stakeholders' influence on L2D	<ul style="list-style-type: none"> <li>Industry bodies.</li> </ul>	<ul style="list-style-type: none"> <li>Communities.</li> <li>Suppliers and service providers.</li> </ul>	<ul style="list-style-type: none"> <li>Providers of financial capital.</li> <li>Our people.</li> <li>Customers.</li> <li>Tenants.</li> </ul>
L2D's impact on stakeholders	<ul style="list-style-type: none"> <li>Industry bodies.</li> <li>Communities.</li> </ul>	<ul style="list-style-type: none"> <li>Customers.</li> <li>Providers of financial capital.</li> </ul>	<ul style="list-style-type: none"> <li>Our people.</li> <li>Tenants.</li> <li>Suppliers and service providers.</li> </ul>



STAKEHOLDER MANAGEMENT CONTINUED

## PROVIDERS OF FINANCIAL CAPITAL

<b>Stakeholder</b>	Investors, debt funders, analysts and potential investors are a vital source of capital and crucial to the long term sustainability of our business
<b>Quality of relationship</b>	Good
<b>Our engagement goal</b>	To be considered a source of sustained growth
<b>Why we engage</b>	<ul style="list-style-type: none"> <li>• For capital raising purposes.</li> <li>• To attract new investment.</li> <li>• To grow trust in our organisation.</li> <li>• To inform our management and reporting practices.</li> <li>• To keep major investors apprised of market conditions and strategic objectives.</li> <li>• To maintain existing investments.</li> <li>• To strengthen our access to capital and suitable funding.</li> <li>• To understand funders' and investors' requirements and meet value expectations.</li> </ul>
<b>Methods of engagement</b>	<p>Our engagement focuses on financial and operational performance, as well as our strategic outlook. All engagements are subject to the biannual closed period, where the level of information disclosed is limited to our ability to share certain information, given regulatory requirements.</p> <p>In addition to the mandatory interim and annual results announcements, leadership remains available for communication with shareholders. Biannual operational updates are also provided.</p> <p>Our investor relations team, as well as the Chief Executive and Financial Director, have regular engagements with analysts, which include one-on-one and virtual meetings to discuss sector and industry trends.</p> <p>We also ensure regular engagement with representatives from our lenders and enjoy a good relationship with debt providers.</p> <p>Our engagement channels include:</p> <ul style="list-style-type: none"> <li>• One-on-one meetings.</li> <li>• Our AGM.</li> <li>• Our integrated reporting suite.</li> <li>• Presentations to the market.</li> <li>• SENS-news updates.</li> <li>• The L2D website.</li> <li>• Via mainstream media press releases, articles and interviews.</li> </ul>
<b>Value created</b>	<ul style="list-style-type: none"> <li>• 36.47 cents per share full-year distribution (2021: 34.10 cents per share).</li> <li>• Distributed R317.5 million in dividends (2021: R435.4 million).</li> <li>• Distributable earnings per share up 6.95% (2021: 5.5%).</li> </ul>



STAKEHOLDER MANAGEMENT CONTINUED

## OUR PEOPLE

<b>Stakeholder</b>	We rely on our people to execute our strategy – they are the heart of our business
<b>Quality of relationship</b>	Excellent
<b>Our engagement goal</b>	To be regarded as an employer of choice, where we care for our people
<b>Why we engage</b>	<ul style="list-style-type: none"> <li>• To maintain a connected, motivated and engaged workforce.</li> <li>• To grow our brand and deliver a high-quality service to tenants and consumers.</li> </ul>
<b>Methods of engagement</b>	<p>Our engagement channels include:</p> <ul style="list-style-type: none"> <li>• Annual strategy engagement and alignment sessions.</li> <li>• Communications from the Chief Executive, including; newsletters, emails, texts, LinkedIn posts and videos.</li> <li>• Engagement surveys, including the #WeAreListening survey (which achieved an 83% response rate in 2022), are conducted.</li> <li>• One-on-one interactions between our people and line managers.</li> <li>• Our integrated reporting suite.</li> <li>• <i>Our People's Forum</i> is held quarterly, with conversations covering talent management, learning and development, transformation, our people plan, and trends.</li> <li>• Performance reviews and exit interviews.</li> <li>• Regular engagements through one-on-one and team conversations, regular performance-review conversations, and workshops.</li> <li>• Rewards and recognition programme.</li> <li>• SENS news updates.</li> <li>• The L2D website, the group intranet and electronic newsletters.</li> </ul>
<b>Value created</b>	<ul style="list-style-type: none"> <li>• 31 people expanded learning in the year, of whom 66% are black (2021: 33 people, of whom 65% are black).</li> <li>• A transition to a flexible work (hybrid) environment and the subsequent normalisation of this way of working.</li> <li>• Achieved level 1 B-BBEE rating (2021: level 2).</li> <li>• Ongoing talent management and succession planning.</li> <li>• Progress made towards meeting employment equity targets.</li> <li>• R1 839 929 spent on external bursaries (2021: R785 000).</li> <li>• R85.6 million incurred people costs (2021: R77.8 million).</li> <li>• Refining and improving our operating model.</li> <li>• Resource allocations and job architecture reviewed in line with B-BBEE targets.</li> <li>• Two interns were appointed (2021: two African male interns).</li> <li>• José Snyders was promoted to Chief Commercial Officer on 1 March 2023.</li> <li>• Barbara Makhubedu was appointed as Chief Financial Officer on 1 March 2023.</li> <li>• Appointment of Yongie Ntene as our Chief People and Culture Officer.</li> </ul>





STAKEHOLDER MANAGEMENT CONTINUED

## TENANTS

<b>Stakeholder</b>	We understand the importance of pre-empting and satisfying tenant needs to remain their landlord of choice	
<b>Quality of relationship</b>	Good and improved	
<b>Our engagement goal</b>	To be seen as the provider of sustainable and relevant spaces	
<b>Why we engage</b>	<ul style="list-style-type: none"> <li>• Attract and retain quality tenants.</li> <li>• Encourage lease renewals.</li> <li>• Improve the offerings in our spaces to remain relevant.</li> <li>• Tenant sustainability.</li> </ul>	
<b>Methods of engagement</b>	<p>Our engagement channels include:</p> <ul style="list-style-type: none"> <li>• Centre management information desks.</li> <li>• Health and safety-related communications, including practice drills.</li> <li>• Lease renewals and negotiations.</li> <li>• Monthly owners’ meetings for each asset, where asset managers report the performance of each asset.</li> <li>• One-on-one meetings.</li> <li>• On-site team meetings.</li> <li>• Operational issues are communicated via email and WhatsApp groups.</li> <li>• Our integrated reporting suite.</li> <li>• Our whistle-blower hotline.</li> <li>• Presentations to the market.</li> <li>• Quarterly operations meetings are held with JHIR. In these meetings, JHIR reports on their Key Performance Indicators (KPIs) used to evaluate their performance.</li> <li>• Regular tenant engagement, including site visits.</li> <li>• SENS news updates.</li> <li>• Social media, brochures and leaflets.</li> <li>• The L2D website.</li> <li>• We regularly evaluate the administration management function between our property manager, JHIR, and our tenants to ensure our tenants are effectively serviced.</li> <li>• Written, electronic and verbal communication.</li> </ul>	
<b>Value created</b>	<ul style="list-style-type: none"> <li>• 2.1% retail vacancy (2021: 3.2%).</li> <li>• 21.9% annual turnover growth (2021: 24.5%).</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced safety.</li> <li>• Rental collections improved to 106.6% (2021: 102.4%).</li> </ul>



STAKEHOLDER MANAGEMENT CONTINUED

## CUSTOMERS

<b>Stakeholder</b>	<p>The public, especially in and around our shopping centres, comprises the shoppers who support our tenants.</p> <p>Shoppers are our most important customers, directly impacting the performance and quality of the tenants that rent space within our portfolio. Therefore, customer satisfaction is essential to ensure a sustainable rental income stream.</p>
<b>Quality of relationship</b>	<p>Excellent</p>
<b>Our engagement goal</b>	<p>To be regarded as the retail destination of choice</p>
<b>Methods of engagement</b>	<p>Our engagement channels include:</p> <ul style="list-style-type: none"> <li>• Engage with local media and monitor social media platforms.</li> <li>• Proactive management of customer complaints and enquiries.</li> <li>• Shopping centre marketing, events and promotions.</li> <li>• Customer engagements, social media feedback, newsletters, L2D website, and centre information-kiosk personnel.</li> <li>• Conduct market research, such as focus groups and mystery shoppers.</li> <li>• We monitor and respond to social media engagements with our customers, as well as any centre-specific media queries that are first reviewed by L2D.</li> </ul>
<b>Why we engage</b>	<ul style="list-style-type: none"> <li>• Clean modern facilities.</li> <li>• Health and safety protocols.</li> <li>• Safe and convenient retail centres.</li> <li>• Security.</li> <li>• Tenant mix.</li> <li>• Tenant sustainability.</li> <li>• Relationship management to maintain our brand reputation.</li> </ul>
<b>Value created</b>	<ul style="list-style-type: none"> <li>• An e-voucher card payment solution was launched for Sandton City.</li> <li>• Curated experiences.</li> <li>• Enhanced safety.</li> <li>• New tenant offerings.</li> <li>• R66.9 million invested to improve/redevelop our centres (2021: R40 million).</li> </ul>



STAKEHOLDER MANAGEMENT CONTINUED

## SUPPLIERS AND SERVICE PROVIDERS

<p><b>Stakeholder</b></p>	<p>We depend on a few key suppliers. These include utility providers such as Eskom and local municipalities. JHIR is our property manager, contracted to assist in managing the operations at our various properties. The interaction between this supplier and customers is significant and underpins the importance of having transparent communication channels.</p> <p>Service providers are appointed in line with L2D's Procurement Policy.</p> <p>Our property manager, JHIR, monitors the standard of performance, and issues are addressed at the monthly owners' meetings, which L2D's asset managers attend. JHIR is responsible for implementing the policy for procurement activities regarding the portfolio.</p>
<p><b>Quality of relationship</b></p>	<p>Good</p>
<p><b>Our engagement goal</b></p>	<p>To be regarded as a preferred business partner</p>
<p><b>Methods of engagement</b></p>	<p>Our engagement channels include:</p> <ul style="list-style-type: none"> <li>• Mainstream media.</li> <li>• Meetings.</li> <li>• Our property managers have regular interaction with the operational (e.g., cleaning and security) and technical (e.g., lifts, air-conditioning, electrical) service providers to ensure we provide seamless operations (running our mall environments and maintaining the premium standards). Formal meetings are held on a weekly basis with both operational and technical teams.</li> <li>• Site visits.</li> <li>• Supplier code of conduct.</li> <li>• Written, electronic and verbal communications.</li> </ul>
<p><b>Why we engage</b></p>	<ul style="list-style-type: none"> <li>• Our suppliers interface directly with our stakeholders (tenants and customers). It is imperative they conduct themselves in a manner that is consistent with our company values.</li> <li>• The promotion of good relationships with suppliers equals quality service on good terms.</li> </ul>
<p><b>Value created</b></p>	<ul style="list-style-type: none"> <li>• R546.9 million paid to suppliers and service providers (2021: R622 million).</li> <li>• All service providers and suppliers are paid in full and within 30 days of being invoiced where possible, in line with the Business Leadership of South Africa's #Payin30 campaign.</li> </ul>



STAKEHOLDER MANAGEMENT CONTINUED

## COMMUNITIES

<b>Stakeholder</b>	We are committed to contributing to meaningful social change by developing sustainable relationships within the communities that surround our properties. We strive to be a responsible corporate citizen and aim to engage and support communities in which we operate in a responsible, sustainable, constructive, and empowering manner.
<b>Quality of relationship</b>	Good.
<b>Our engagement goal</b>	Considered a responsible community participant and responsible corporate citizen.
<b>Methods of engagement</b>	Our engagement channels include: <ul style="list-style-type: none"> <li>• Collaboration with non-governmental organisations (NGOs).</li> <li>• Community meetings and forums.</li> <li>• Direct engagement about community concerns.</li> <li>• Mainstream media.</li> <li>• Measurable corporate citizenship programmes developed and implemented.</li> <li>• We continue to focus on maintaining effective relationships with members of communities.</li> <li>• Written, electronic and verbal communications.</li> </ul>
<b>Why we engage</b>	• By creating mutually beneficial partnerships with our communities, we ensure our own sustainability and endeavour to meet our communities' needs.
<b>Value created</b>	• We have invested R2.3 million <sup>1</sup> in social initiatives (2021: R3.4 million) derived from L2D head office and portfolio contributions, with a significant focus on education.

<sup>1</sup> Due to our restructuring of CSI spend, our YIPA spend was reallocated to Economic Social Development (ESD) spend allocations instead.





STAKEHOLDER MANAGEMENT CONTINUED

## INDUSTRY BODIES

<p><b>Stakeholder</b></p>	<p>Industry bodies represent the industry in conversations with other stakeholders and advocate for its benefit.</p> <p>L2D is represented, through its people, as a member across various industry bodies while leading several committees including the Green Building Council of South Africa, the South African Property Owners Association, the South African Council of Shopping Centres, as well as the SA REIT Association and Women’s Property Network</p> <p>L2D’s good standing within the industry is indicated by the regular appointment of our people to decision-making structures within industry bodies.</p>
<p><b>Quality of relationship</b></p>	<p>Excellent</p>
<p><b>Our engagement goal</b></p>	<p>To be regarded as a good corporate citizen and an active contributor in the property sector</p>
<p><b>Methods of engagement</b></p>	<p>Our engagement channels include:</p> <ul style="list-style-type: none"> <li>• Actively engaging with the Property Industry Group – a collective of major representative bodies for real estate in SA.</li> <li>• Active participation in industry body collaborations.</li> <li>• Speakers at conferences.</li> <li>• L2D’s website.</li> <li>• Mainstream media.</li> <li>• Meetings.</li> <li>• Written, electronic and verbal communication.</li> </ul>
<p><b>Why we engage</b></p>	<ul style="list-style-type: none"> <li>• To ensure compliance with all laws and regulations.</li> <li>• To manage risk.</li> </ul>
<p><b>Value created</b></p>	<ul style="list-style-type: none"> <li>• In 2022, six senior staff members were appointed to various subcommittees of the SA REIT Association, including our Chief Executive on the Exco and Chair of the Research Committee, our Chief Financial Officer on the Accounting and JSE Committee, our Chief Risk Officer as Treasurer, our Marketing and Communications Executive on the Marketing Committee, our Head of Legal and Information Officer on the Legal and Competition Commission committee and our Analysis and Investor Relations Executive on the Investor Committee.</li> <li>• Our Asset Management Executive was appointed as Chairman of the GBCSA.</li> <li>• Our Head of Legal and Information Officer is the chair of SAPOA Legal committee, with our Asset Manager and General Manager for Eastgate Shopping Centre being a member of the Research Committee.</li> <li>• L2D is a member of the WPN, with our Asset Manager and General Manager for Eastgate Shopping Centre a member being the Gauteng Regional Committee.</li> <li>• L2D is a member of the SACSC.</li> <li>• Our Chief Executive serves as a founding member of the Wits University Industry Advisory Board of the School of Construction Economics and Management.</li> </ul>



# INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY

## Our people are the heart and soul of L2D.

Our people philosophy is to put our people at the heart of everything we do and encourage inspired, passionate and empowered people who maintain balanced lives. Through their contributions, we can differentiate our business, grow our brand and deliver high-quality service.

Empowering our workforce is an important aspect of nurturing a high-performance culture. We believe that ethical conduct and teamwork are critical to achieving and driving our corporate culture.

We understand that our success is linked to the skills we attract. Our talent management practices and guidelines ensure we have the right people with the experience, skill, and capabilities at all levels to execute our strategy.

## The pillars of our people’s experience



### Living and doing

Integrating our people’s lives at work with their personal working circumstances and preferences, creating true work-life integration.

### Growing and evolving

Creating the platform for our people to take control of their career, role and learning evolution, encouraging nonlinear and self-driven growth.

### Realising and recognising

Aligning our people’s performance outcomes with L2D’s business outcomes, shifting the cultures and habits around performance management.

### Inspiring and innovating

Driving meaningful and inspirational work that aligns with our purpose and values, creating an engaged and motivated organisation.

### Connecting and belonging

Uniting our people across functions, levels and backgrounds to create a cohesive organisation where everyone feels included and valued.

### Moving in and moving on

Enabling a seamless onboarding experience for our people while allowing them to move on to the next phase of their careers with dignity, remaining connected to the organisation.

## PROMOTING AN ETHICAL CULTURE

We prioritise our people’s wellbeing by creating a fair, safe and engaging work environment. Our goal is to provide an environment that empowers our people to perform optimally while meeting our organisational objectives. Such an environment is represented not only by the physical working conditions but by a collegiate culture underpinned by common ethics and ethical conduct.

We believe that ethical conduct is critical to achieving and driving our corporate culture. We are intolerant of all unethical conduct. Our approach to business ethics is enshrined in our formal code of ethics. We expect all our people to reflect our values and ethics. New recruits sign our code of conduct when appointed.



## INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY CONTINUED

We want our people to be proud to work for L2D and to consider their colleagues as friends/family. We ask our people to immerse themselves in our culture of humanity, which in turn helps us achieve our strategic goals that create value for our tenants, customers, communities and other key stakeholders.

Our people procedures also help manage occupational incidents and process compensation claims in line with legislation. We use our disciplinary code to support and guide management when ethics incidents are reported. In cases where unethical behaviour is discovered, we thoroughly investigate the event and institute corrective actions. We also pride ourselves on having an open-door policy, to ensure all our people feel comfortable when reporting any unethical behaviour.

## DIVERSITY AND INCLUSION

**L2D is committed to creating a diverse and equitable workplace. We are committed to creating meaningful transformation through various programmes related to employment equity, diversity, inclusion and development.**

We support the principles reflected in the Employment Equity Act and have adopted a diversity and inclusion policy to ensure we promote diversity in our business and influence the REIT sector. We use our strategic value driver, Human Experience, as a lens through which we improve our Employment Equity Standards and Guidelines, procedures and practices, thereby enhancing the overall human experience.

We are proud of the progress made to date. We improved our B-BBEE certification score to a Level 1 contributor from a Level 2 in 2021. We also launched our "One woman at a time" challenge, where we prioritise gender diversity and inclusiveness in our businesses and hope to inspire the REIT sector to follow our example. We use our enterprise development, procurement, supply value chain and hiring policies to drive this agenda.

The recent appointment of Barbara Makhubedu (Chief Financial Officer<sup>1</sup>) and Yongie Ntene (our Chief People and Culture Officer), and the appointment of Nonhlanhla Mayisela, Itumeleng Tumi Dlamini and Philisiwe Mthethwa as independent non-executive directors affirms our position as a transformed and inclusive leader in the REIT sector in South Africa.

<sup>1</sup> Barbara Makhubedu stepped down as lead independent non-executive director on 23 February 2023 and was appointed as Chief Financial Officer on 1 March 2023.

### How we promote diversity:

- We launched our "One woman at a time" challenge to improve our performance and inspire the REIT sector to follow our example.
- Our Inclusivity, Diversity and Employment Equity (IDEE) forum meets quarterly.
- We encourage diversity through all levels of our organisation.
- We focus on employment equity, skills development, and preferential procurement to achieve our transformation goals.
- We support the principles of inclusivity and promote equal opportunity.
- We view discrimination as a severe transgression and have a zero-tolerance approach to such matters. We have various policies prioritising our people's rights and a sexual harassment policy that prohibits such behaviour as a form of discrimination.

**No incidents of discrimination were reported during the year, and no fines were paid for breaches of labour law.**

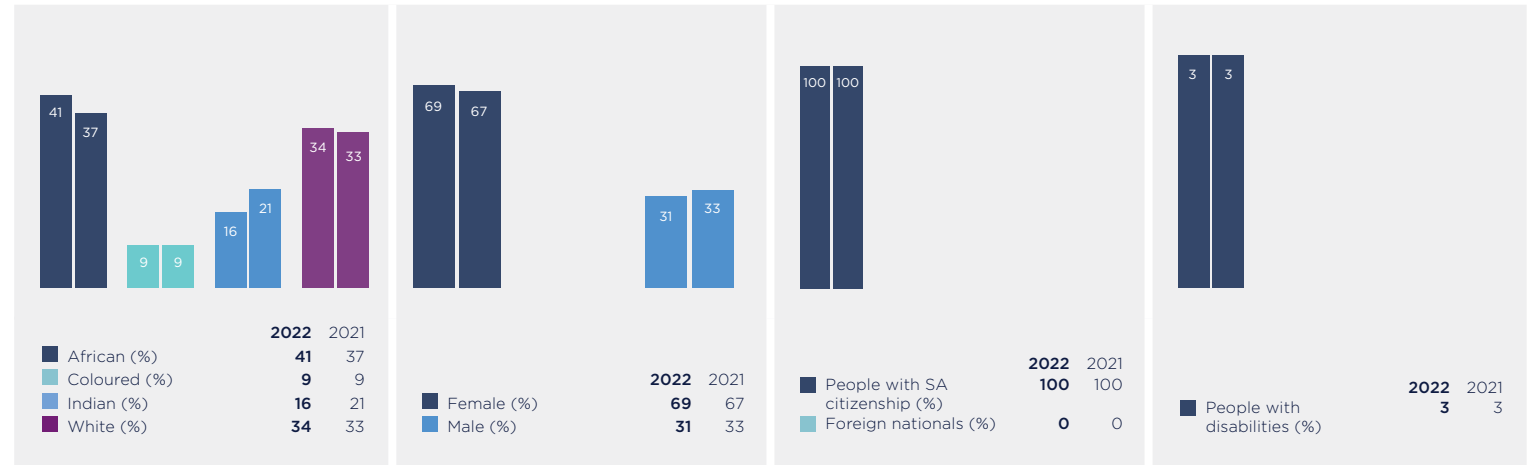


INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY CONTINUED

**Our people profile**

	2022 %	2021 %
Total permanent staff members <sup>1</sup>	<b>30</b>	29
Percentage of permanent staff members	<b>98.6</b>	90.6
Percentage of contract and casual staff members	<b>6.3</b>	9.6
Average age (years)	<b>38</b>	40
Percentage of people belonging to a trade union	<b>0</b>	0
Percentage of people covered by collective bargaining agreements	<b>0</b>	0

**Workforce composition**



<sup>1</sup> Excludes outsourced people in JHIR.

**Employment equity profile**

	MALE				FEMALE				FOREIGN		Total	Number black	Number black females	% Black/total	% Black female/total	
	A	C	I	W	A	C	I	W	M	F						
Occupational level																
Top management		1						1			2	1		50		
Senior management				5	2	1	3	2			13	6	6	46	46	
Middle management	1			2	2	2					7	5	4	71	57	
Junior management	1	1			6						8	8	6	100	75	
Semi-skilled												0	0			
<b>Total permanent</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>7</b>	<b>10</b>	<b>3</b>	<b>3</b>	<b>3</b>			<b>30</b>	<b>20</b>	<b>16</b>	<b>67</b>	<b>53</b>	
<b>Non-permanent</b>				<b>1</b>	<b>1</b>						<b>2</b>	<b>1</b>	<b>1</b>	<b>50</b>	<b>50</b>	
<b>Total</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>8</b>	<b>11</b>	<b>3</b>	<b>3</b>	<b>3</b>			<b>32</b>	<b>21</b>	<b>17</b>	<b>66</b>	<b>53</b>	

<sup>1</sup> African, Coloured, Indian, White.



INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY CONTINUED

## HUMAN CAPITAL TURNOVER

Our human capital policies consider the retention and attraction of high-calibre people: this creates a balance between the attraction and retention of critical skills and serves to support the achievement of our purpose and strategic goals.

We want to create an environment where our people feel inspired to grow their careers while promoting business sustainability and continuity for L2D. We do, however, value new insights gained through recruiting new talent as well.

Human capital turnover	2022	2021
New appointments	7	3
Internal placements	3	1
Resignations	7	6
Retirements	1	1
End of contract	3	1
Dismissals	0	0
Death	0	0
<b>Total permanent human capital turnover (%)</b>	<b>9.8</b>	9.7

## PERFORMANCE MANAGEMENT

**Our goal is to inspire the best performance from our people by creating a fair, safe and engaging work environment, and by ensuring our people remain motivated, empowered and equipped with the necessary skills and expertise to help us achieve our strategic goals.**

We recognise that our people’s performance is linked to corporate culture and working conditions. We use our people philosophy to harness individual performance outcomes to execute our overall business strategy. We want our people to thrive and, to help them do so, we continue to provide fair, performance-related remuneration, comprehensive skills training and education, and career development opportunities while also striving to create an inclusive work environment.

We structure competitive remuneration packages according to our people’s skills and functions, providing a balance between guaranteed and variable pay. We offer our people benefits and rewards and incentivise and recognise valuable performance which in turn translates into committed staff members.

All of our people are evaluated in terms of their performance against their individual KPIs. Performance reviews are conducted in terms of accepted norms to identify our people’s potential and create opportunities for mutually agreed career paths and succession planning.

We use our disciplinary codes to guide management when ethical incidents occur. In cases where unethical behaviour is discovered, we thoroughly investigate the event and institute corrective actions.

### Succession planning

The goal is to be future fit. Our succession philosophy gears the workforce to meet our short and long-term objectives. This approach focuses on talent attraction and acquisition, and career development. It mitigates our succession risk and is instrumental in achieving our business objectives.





## INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY CONTINUED

As part of our talent-management processes, there is a drive to build our succession and therefore a focus on development that supports those identified as rising stars and top talent.

We are pleased to report succession planning progress with José Snyders promoted to Chief Commercial Officer (1 March 2023), and Barbara Makhubedu appointed as Chief Financial Officer (1 March 2023). Yongie Ntene was appointed as our Chief People and Culture Officer.

## Learning and development

	2022	2021
Total number of our people attending online learning courses and/or coaching programmes	32	40
Training programmes (including fixed term staff members and learnerships)	32	33
Training spend (R)	R817 941	R800 972
Average training spend per person (R)	R25.560	R24 272
Our people engaged in tailored individual development plan discussions (%)	100	100

Our business sustainability depends on having an appropriately qualified and skilled workforce. We, thus, encourage our people to take ownership of their learning and development and frequently collaborate with them to curate unique learning experiences and opportunities. Our end goal is to have a high-calibre team and enhance critical capabilities across the business to drive business success.

Our people's learning and development strategy aims to improve our skills base, contribute to succession planning, and support our employment equity and sustainability initiatives.

Our goal is to close skills gaps by offering training and mentorship. Individual leadership coaching is provided where leaders need support to address gaps in leadership skills and capabilities and to help them gain confidence in managing in an evolving environment. Individual and group coaching has also been extended to navigate working in a changing environment.

We identify learning and development requirements during performance conversations in which Key Performance Indicators (KPIs) are set and when individual development plans are put in place. These are then reviewed formally over the performance period and in regular one-on-one conversations.

L2D is represented as members of leading committees, and sits on several industry body Boards, including the Green Building Council Board and South African Property Association (SAPOA): on the Board and regional committees of the South African Council for Shopping Centres: and on the SA REIT Association exco and committees. We encourage our people to attend workshops, sit on member Boards, share their knowledge and learn from these associations.

## Bursary spend

Our business needs determine our bursary spend. L2D spent R1 839 929 on bursary support (2021: R732 638).

Category	2022 R	2021 R
African males	952 411	360 217
African females	810 645	272 449
Indian males	10 271	12 971
Indian females	46 850	10 000
Coloured males	11 061	42 000
Coloured females	8 691	35 000
White males	-	-
White females	-	-
<b>Total</b>	<b>1 839 929</b>	<b>732 638</b>



## INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY CONTINUED

## Internship programme

L2D's internship programme helps groom talent for the business and solve a general shortage of experience property specialists in the sector. As such, two interns were enrolled on our programme in 2022 (2021: one intern), and were equipped and exposed to industry experience as well as first in the market initiatives.

## HEALTH, SAFETY AND WELLNESS



Good health and wellbeing aims to ensure healthy lives and promote wellbeing. It is essential to sustainable development. Widening economic and social inequalities, urbanisation, threats to the climate and environment, the continuing burden of HIV and other infectious diseases, and emerging challenges such as non-communicable diseases represent global health priorities that can only be addressed through universal health coverage.

Our **SAFE Spaces** strategic pillar drives our agenda to promote the health, safety and wellbeing of those who use our spaces,

### Our people surveys

We are committed to measuring and improving our ethical reality in line with our organisational values. In doing so, we engage with our people to understand

their perceptions about how ethical L2D is. We partnered with the Gordon Institute of Business Science (GIBS) and participated in their Ethics Barometer survey. The overall results from the survey were excellent, as L2D has virtually no observance of ethical misconduct.

All feedback received is welcomed by L2D leadership. Following the results from this survey, our human capital team facilitated smaller focus group as an opportunity to engage with our people, share feedback and prioritise solutions and identify opportunities.

### Our wellness programme

One of our biggest priorities is the mental wellbeing of our people and to empower them to reduce their anxiety through transparent and timely information sharing, increased communication and a relevant and evolving wellness programme. Our wellness programme, named ICAS, supports and empowers our people by offering emotional and financial coaching, health and education services. Our people are supported via face-to-face, telephonic counselling, legal consultation and financial coaching.

The programme helps our people find the balance between living and doing, integrating their home lives with their working lives. It covers topics on (career counselling, personal development,

organisational issues, mental health, physical fitness, financial fitness, and chronic illness).

As a business, the wellbeing of our people is of utmost importance to us, and through our assets, we are responsible for the safety and security of the thousands of people that make use of our shopping centres. Through our SAFE Spaces strategic initiatives, we aim to advocate for better care for people suffering from mental health challenges. We also partnered with Panda (a free-to-download digital app that is designed to put mental health information, community support and expert help in the palm of the user's hand) to bridge the gap by making mental health resources freely accessible within all our assets.

Following COVID-19 restrictions, L2D embraced the benefit of retaining a hybrid working model and has chosen to offer our people the option to work from home one day per week, as a tool to assist our people maintain their balance.





# SUPPORTING OUR COMMUNITIES

## INVESTING IN OUR COMMUNITIES

**L2D is committed to positively impacting the communities in which we operate. Our community engagement strategy ensures our social investment impact is meaningful.**

By actively supporting sustainable and inclusive economic growth within our communities, we create mutually beneficial value for L2D and key stakeholders, especially our tenants and our people.

Our CSI strategy is demand-driven, meaning, our communities communicate their needs, and we assist by implementing CSI solutions that meet long-term community needs. These initiatives strengthen community relationships and achieve long-term measurable socioeconomic benefits.

We focus on key strategic areas for social investment, namely environmental awareness, skills development, social development and youth development which we believe are crucial for long-term positive impact on our communities. Our CSI strategy establishes and drives the implementation of sustainable solutions, which include:

- Creating socioeconomic value for the communities surrounding our shopping centres
- Educating communities about our efforts to minimise environmental impact, inspiring communities to adopt similar interventions and behaviours
- Improving skills and training capacity in our communities
- Offering community needs-based interventions
- Supporting enterprise development and promoting microbusinesses
- Sustained impact through partnerships and collaboration



**Accountability for this strategy lies with the L2D leadership, led by the Marketing and Communications Executive and Head of ESG, with oversight from the Board.**





## SUPPORTING OUR COMMUNITIES CONTINUED

## Progress made

L2D's socioeconomic support activities in 2022 continued to focus on education, as it is the most impactful investment possible to improve the lives and livelihoods of South Africans.

We have invested R2.3 million<sup>1</sup> in social initiatives (2021: R3.4 million) derived from L2D head office and portfolio contributions, with a significant focus on education. The primary CSI campaigns this year included:

<b>CANSA Shavathon</b>	Midlands Mall supports the annual CANSA Shavathon fundraiser, where customers can shave or spray their hair in solidarity with those facing a cancer diagnosis.
<b>Gender-based violence (GBV)</b>	Gender-based violence is a devastating, far-reaching problem in South Africa with the country having some of the highest statistics in the world. Sandton City invited people to take a stand up against this scourge and to commit to playing a role in positive change. The initiative, titled TakeAStandWithYourHand invited visitors to the centre to take a stand, by dipping their hands in paint, and imprinting their hand marks on a giant protest wall, that was set up in Sandton City's centre court. In doing so, people committed their part in supporting and protecting women and children across the country.
<b>Hot Cares Teddython</b>	A donation drive was hosted by Hot FM to raise cash, goods and services to meaningfully touch the lives of hundreds of individuals in need. R50 000 was donated. Hot Cares uses all funds collected to purchase groceries, support education initiatives and help soup kitchens etc.
<b>Ladles of Love</b>	<b>Nelson Mandela Square:</b> A world record-breaking attempt for the most food cans used to create a mosaic of the South African flag took place with the cans donated under the Ladles of Love umbrella. 35 700 cans and 1.3 tonnes of vegetables were donated, enabling 14 000 meals served. The event took place on Nelson Mandela Day.
<b>Learners License project</b>	A R5 000 donation was made to Councillor Avron Plaatjies' youth development project supporting various Grade 12 learners to study, apply for and receive their learner's licenses, and ultimately achieve their driver's license, which will result in better prospects for employment after school.
<b>MAD2Run</b>	The MAD2Run event took place in October 2022, with 36 runners participating in a 24hr relay run, covering 1 520 km from Johannesburg to Cape Town. The race took seven days to complete. This epic journey coincides with and ends with the Cape Town Marathon. The event raised over R1 000 000. All proceeds were donated to education initiatives.
<b>Mobile Library project</b>	<b>Midlands Mall:</b> Space offered to the Mobile Library project. The travelling mobile library offers numerous services to support reading. The mobile was stationed at the mall, bringing convenience to shoppers. The value of this space was R72 000.
<b>Period Poverty</b>	Glendale Secondary school benefitted from a sanitary pad vending machine, installed at the school. This project aims to create free access to sanitary pads for 600 young women. L2D invested R89 650.





SUPPORTING OUR COMMUNITIES CONTINUED

<p><b>Read.Dream.Repeat. Book collection drive</b></p>	<p><b>Promenade Mall:</b> The mall launched a book drive to top-up reading materials in Mitchell’s Plain schools. A total of 17 362 books were donated to 14 local schools. R223 023 was invested in the project.</p>
<p><b>Santa Shoebox Project</b></p>	<p><b>Midlands Mall:</b> The mall supplied a drop-off point for Santas Shoebox donors to support the project of collecting and distributing personalised essential items and gifts for underprivileged children. The value of this space was R45 000.</p>
<p><b>SANBS blood drive</b></p>	<p><b>Midlands Mall:</b> Space offered to SANBS to achieve their target of 3 000 units of blood per day to ensure a safe and sufficient blood supply in the health care system. The value of this space was R45 000.</p>
<p><b>Shoe Shine Entrepreneurial project</b></p>	<p>R320 000 was invested to offer a complimentary space at Sandton City, which provided local entrepreneurs with an opportunity to run their shoe-shining businesses within Sandton City.</p>
<p><b>SPCA festive season Gift wrapping</b></p>	<p>We invested R294 387 to assist the SPCA, by offering a festive season gift-wrapping service at Sandton City. This service was made available to shoppers and all proceeds were donated to the SPCA.</p>
<p><b>Studying space during loadshedding</b></p>	<p>As a response to the need for a safe space for students battling loadshedding, L2D and Sandton City responded with an interim solution, by offering a 500 m<sup>2</sup> space in Sandton City’s Atrium. The area offered electricity, WiFi and security, during any loadshedding schedule. High school students were invited to use this space to study for their end-of-year exams, free of charge.</p>
<p><b>Supporting the arts</b></p>	<p><b>Eastgate Mall:</b> The mall offered Bonga Thunga a pop-up store as a means to help the artist sell his artwork and promote the arts. The value of this space was R189 000. <b>Midlands Mall:</b> The mall offered Creative Arts College a pop-up store as a means to help the artists sell their artwork and promote the arts. The value of this space was R60 000.</p>
<p><b>The Wilds</b></p>	<p>The Wilds utilised our R150 000 donation to build universal access paths for people with disabilities, such as wheelchair-bound, blind or partially sighted, and the elderly. Planting also took place to ensure the diversity of indigenous plant species at the Wilds.</p>
<p><b>#WarmUpAlex</b></p>	<p>The #WarmUpAlex campaign was implemented to encourage the public to donate winter blankets to support the community of Alexandra. Complimentary space was offered to the NGO in Sandton City and Nelson Mandela Square.</p>
<p><b>Wonderbag Fundraiser</b></p>	<p><b>Midlands Mall:</b> The mall offered Wonderbag space to sell Wonderbags in aid of Community Chest. The value of this space was R30 000.</p>

<sup>1</sup> Due to our restructuring of CSI spend, our YIPA spend was reallocated to Economic Social Development (ESD) spend allocations instead.



SUPPORTING OUR COMMUNITIES CONTINUED

### Future focus

At L2D, we understand the importance of the youth and are determined to create spaces and opportunities that foster growth for them. The 2023 L2D CSI strategy will have a greater focus on education and uplifting the youth in this regard.

## RESPECTING HUMAN RIGHTS

Our code of ethics outlines our approach to human rights and supports our intention to make sustainability an integral part of our day-to-day operations.

**We respect the human rights of people in communities by:**

- Observing legislation and the cultural values of our communities.
- Promoting the wellbeing, safety and environmental preservation of communities within or close to our operations.
- Seeking ways to identify and address community interests.

**We uphold human rights through our suppliers by:**

- Asking our suppliers to comply with our policies and guidelines concerning social responsibility, labour standards and human rights.
- Reporting on human rights violations within our value chain.

## SUPPORTING SUSTAINABLE TRANSFORMATION

We understand that transformation is integral to our long-term sustainability and value creation. We are committed to contributing to meaningful social change that will transform South Africa’s unique socioeconomic environment. Our goal is to create long-lasting, robust and broad-based benefits for South African society as a whole. Our holistic approach to transformation is embedded and integrated into our operations. Our transformation approach spans across our stakeholder value chain, considering workforce diversification and supplier network development.

By focusing on our transformation strategy, we will continue to contribute to the growth and transformation of the property sector. We have, thus, implemented several steps to ensure effective, sustainable transformation within our business. These include:

- Facilitating social equality and cohesion.
- Investing in enterprise and supplier development.
- Promoting broad-based and inclusive economic growth.
- Pursuing and effective talent management of our people.
- Redressing historic inequality.
- Using additional B-BBEE suppliers.

**By focusing on the achievement of our transformation strategy, we will continue to contribute to the growth and transformation of the property sector and, by extension, South Africa.**

	2022	2021
B-BBEE status awarded	<b>Level 1<sup>1</sup></b>	Level 2
B-BBEE procurement level (%)	<b>125</b>	125

<sup>1</sup> B-BBEE Level 1 certified as at 28 March 2023.

The B-BBEE score obtained above comprises the following elements:

Element	Score	Weighting
Ownership	22.93	29
Management control	6.52	11
Employment equity	10.30	16
Skills development	11.15	22
Enterprise and supplier development	36.67	43
Socioeconomic development	2	2
Economic development	N/A	5
<b>Total</b>	<b>89.57</b>	<b>128</b>
<b>Total adjusted for property sector (including bonus)</b>	<b>96.13</b>	<b>132</b>

We continue to engage in annual initiatives through our commitment to transformation, including R700 000 allocated to bursaries for African students enrolled in property-related degrees, and R260 000 committed to enterprise development.



SUPPORTING OUR COMMUNITIES CONTINUED

## Enterprise and supplier development (ESD)

We promote transformation through our ESD initiatives, which benefit our industry, helping to create a transformed and inclusive society.

### Akandi Office Furniture

Akandi Office Furniture, a 100% black female-youth-owned office-solutions company that received a contract to furnish our new headquarters in 2020 became a supplier to L2D in 2021. We have also supported Akandi in establishing a showroom for their office furniture.

### Supplier-development initiatives

R100 000 was committed to supplier-development initiatives (2021: R520 000) to drive genuine economic participation.

### Youth in Property Association (YIPA)<sup>1</sup>

We were pleased to support the Youth in Property Association (YIPA) again, and donated R239 608 to YIPA in 2022 (2021: R240 267) towards initiatives focused on youth participation in the property industry through employment, entrepreneurship and education.

<sup>1</sup> Due to our restructuring of CSI spend, our YIPA spend was reallocated to Economic Social Development (ESD) spend allocations instead.





# BEST-PRACTICE HEALTH, SAFETY AND SECURITY

## THE HEALTH AND WELLBEING OF OUR STAKEHOLDERS

We are committed to providing a healthy and safe environment that protects people from hazards associated with our business activities. We provide the necessary information, education, training and supervision to maintain a safe working environment, and communicate any potential hazards and risks.

The Occupational Health and Safety Act 85 of 1993 sets out the requirements to ensure health and safety within our environments. We strive to meet and go beyond these requirements and mitigate the risks that may lead to health and safety incidents. We continue to maintain initiatives that keep our centres safe and secure while offering convenience. These include touchless parking and payment solutions kerb-side pick-ups, and click-and-collect facilities. We continue to maintain a duty of care towards customers.

## OUR SAFETY AND SECURITY STRATEGY

L2D aims to drive a clearly defined mall strategy that ensures the mall environments hold the highest standard of safety and security for tenants and customers.

The Safe Spaces strategy is to provide secure spaces for all our stakeholders, by ensuring compliance with all Occupational Health and Safety (OHS) regulations, as well as implementing any necessary security and risk mitigation measures. L2D's building blocks are all underpinned by Safe Spaces. After analysing the objectives of the other L2D strategy building blocks, the Safe Spaces team collaborates with various experts in the industry, to ensure we comply with industry best practices.

Our primary focus remains to address OHS as well as security enhancements across the portfolio. Over the years, the nature of security at malls has changed significantly. The social unrest of July 2021 and the spike in armed robberies at malls has led to L2D revising its physical guarding and security strategy.

We have instituted tactical guarding at all malls, which is seen as a deterrent for criminals. Furthermore, we are enhancing all technology to support our security strategy. Responsibility for safety and security lies with the Safe Spaces Committee, under the leadership of the L2D Chief Operations Officer, who reports to L2D's Exco and Board.

## Progress made

During the year, our overall OHS compliance score improved from 88.8% in

2021 to 89.6% in 2022. However, a common finding across the malls remains low tenant compliance, which is an ongoing focus area for the OHS team.

L2D has been affirmed by the Safe Asset Group, a global certification and advisory company, as the first responsible owner in Africa to achieve the international SHORE certifications for all our malls for two years in a row. All malls in the portfolio underwent the annual SHORE assessment and achieved gold ratings for 2022, except for Sandton City, Nelson Mandela Square and Eastgate achieving Platinum statuses demonstrating that they are performing at a "World class standard".

The SHORE certification includes risk, security, operational resilience, and a duty of care towards tenants and customers.

The Safe Asset Group comprises approximately 380 shopping centres in their database and only 6 shopping centres achieved Platinum status which includes Sandton City, Nelson Mandela Square and Eastgate. Assessed for the second time in 2022, Midlands Mall, Liberty Promenade Mall and Botshabelo Mall also scored above 80%.

In 2022, Sandton City was the first mall to execute the Active Attack Plan in a live situation, over the terrorist threat issued by the US Embassy. Over the build-up to Black Friday and for the festive season, all

security was placed on high alert and no serious crimes were reported at our malls during the festive period.

## Threat of terrorist attack

We were made aware of a possible terrorist attack in the greater Sandton area (planned for 29 and 30 October 2022) by the US Embassy. Fortunately, this event never took place.

We prioritised the safety of all shoppers, tenants, service providers and stakeholders. We, thus, actively worked with the relevant safety and security authorities, including emergency services to increase all safety, security and medical measures and resources in and around Sandton City, which included the Nelson Mandela Square, offices, hotels and the Sandton Convention Centre.

## Social unrest

The unrest in July 2021 forced us to reconsider security across our malls. As a result, a gap analysis was conducted per mall, and for every finding, a mitigating plan has been devised and is in the process of implementation.

Before the unrest, we maintained tactical guarding only at Sandton City/Nelson Mandela Square and Eastgate. Post these events, all our malls have a tactical-guarding presence. Capital investments





## BEST-PRACTICE HEALTH, SAFETY AND SECURITY CONTINUED

have been identified and earmarked for 2023 to improve our surveillance and intelligence-gathering capabilities, address any gaps in surveillance, and improve passive security measures, such as the ability to lock down assets after hours or during high-risk events.

### Training

All onsite OHS staff meet with the national OHS manager for necessary guidance and training.

### Tenant compliance

All our tenants must be compliant with health and safety regulations. Each property has an OHS officer. The OHS

officer engages with all tenants to ensure that all the requisite documentation is in order and compliant. Where tenants are non-compliant, we offer our assistance to get them to comply.

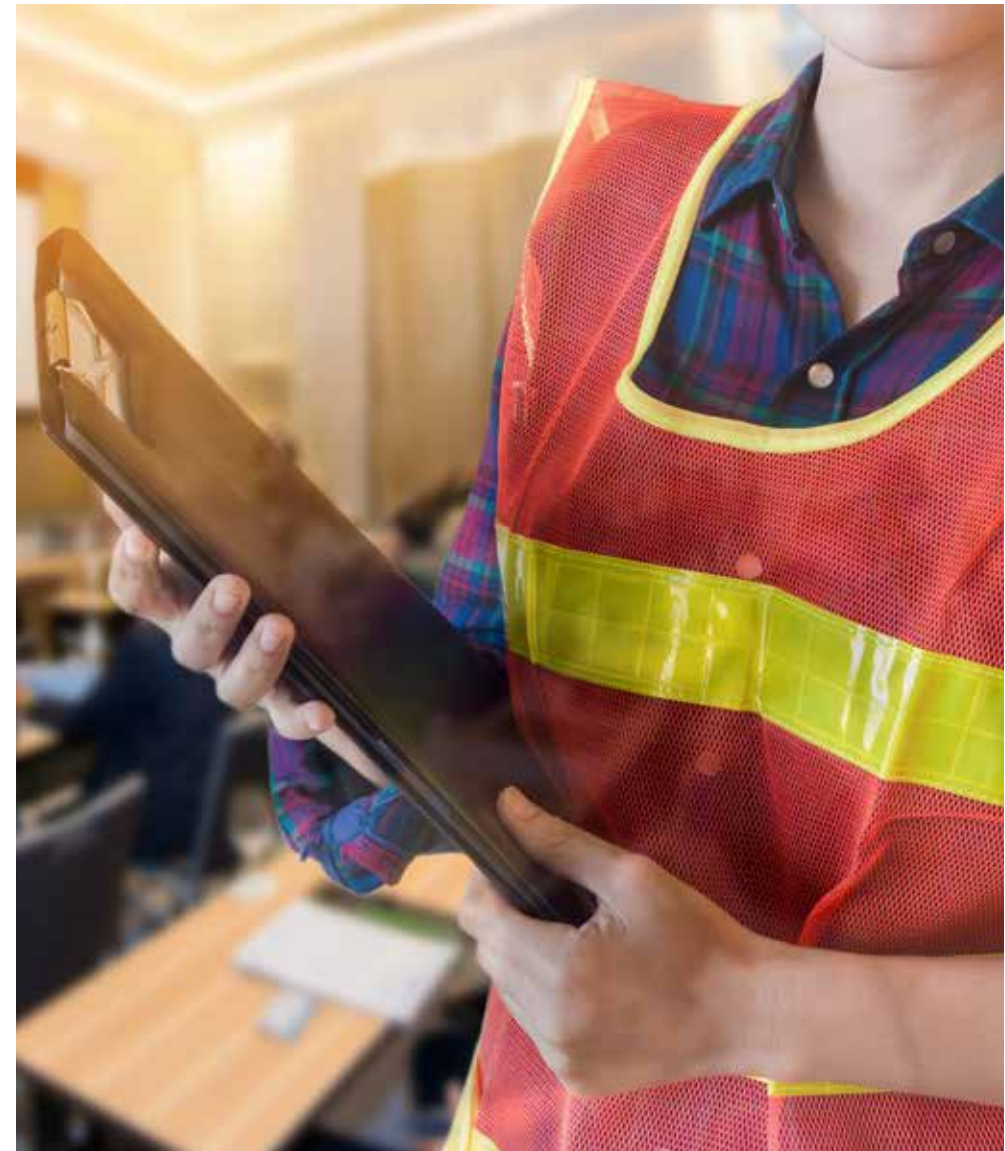
### Future focus

The focus for the year ahead will include:

- Improve our surveillance capabilities.
- Improve our passive security systems.
- Work closely with all service providers, ensuring our standards and operating procedures are adapted to improve operational requirements by applying new approaches to threats/risks.



**Responsibility for safety and security lies with the Safe Spaces Committee, under the leadership of the L2D Chief Operations Officer, who reports to L2D's Exco and Board.**





8

# IMPACT THROUGH GOOD GOVERNANCE AND ETHICAL LEADERSHIP

## PROMENADE SHOPPING CENTRE

5 STAR GREEN-STAR RATING

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# GOVERNANCE HIGHLIGHTS

## Succession planning

Succession planning was addressed with the appointment of Nonhlanhla Mayisela, Itumeleng Dlamini and Philisiwe Mthethwa as independent non-executive directors

José Snyders was promoted to Chief Commercial Officer on 1 March 2023

Barbara Makhubedu stepped down as lead independent non-executive director on 23 February 2023 and was appointed as Chief Financial Officer on 1 March 2023

Leadership and development focused sessions resulted in effective execution of succession planning with the appointment of two African females to our Exco (our CFO and our as Chief People and Culture Officer).

## Culture of ethical leadership

Safeguarded L2D's culture of ethical leadership

## Committee compositions

Committee compositions reviewed.

## Corporate governance themes

During the year under review, the Board took the following approach to ultimately drive sustainable value for stakeholders:

- Balancing the needs and priorities of investors, tenants, service providers and our people on an equitable and fair basis.
- Driving a focused ESG strategy
- Driving innovation initiatives to keep L2D ahead of competitors and improve its offering in the market.
- Linking the material matters to the strategic value drivers and six capitals to ensure alignment of efforts and focus.
- Safeguarding L2D's culture of ethical leadership to maintain high levels of compliance and standards.





# OUR BOARD OF DIRECTORS

**Our Board comprises individuals who possess the skills and experience to help fulfil our vision and purpose and achieve our strategic objectives to deliver sustainable value for our stakeholders.**



**Nick Criticos (64)**  
BBusSc (UCT), FIA, AMP (Harvard)

Non-executive Chairman  
British  
Appointed to L2D Board: June 2021  
Appointed as Chairman: March 2022  
(1.5 years of service)  
Nominations Committee (Chairman),  
Remuneration Committee, Social, Ethics and  
Transformation Committee



**Amelia Beattie\* (52)**  
BCom, Fellow of the Royal Institute of  
Chartered Surveyors

Chief Executive (CE)  
South African  
Appointed to previous manager Board: June 2016  
Appointed to L2D Board: July 2018  
(6.5 years of service)  
Social, Ethics and Transformation Committee



**Peter Nelson (68)**  
B.Compt. (Hons) CA(SA)

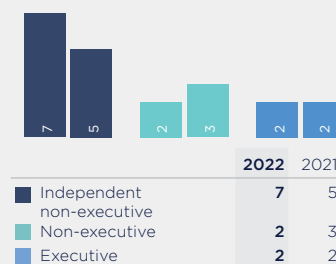
Lead independent non-executive director  
South African  
Appointed to L2D Board: May 2020  
(2.5 years of service)  
Audit and Risk Committee (Chairman),  
Related Party Committee (Chairman),  
Remuneration and Nominations Committee.  
Appointed as Lead Independent Director on  
23 February 2023

We have a unitary Board structure consisting of 11 directors as at the end of 2022. The directors are drawn from diverse backgrounds and bring a wide range of experience, insight, and professional skills to the Board.

## Skills and experience

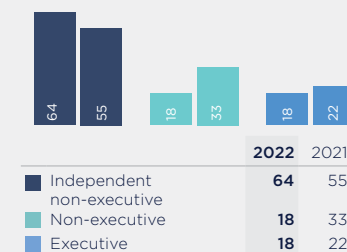
	2022	2021
Leadership	11/11	10/10
Property	8/11	8/10
IT innovation and governance	5/11	8/10
Compliance and governance	9/11	8/10
Accounting and auditing	9/11	7/10
Finance, funding and capital markets	10/11	7/10
Risk and opportunity	10/11	8/10
Strategic planning	11/11	10/10
Climate change and sustainability	9/11	8/10
Human capital	11/11	10/10
Remuneration	9/11	7/10

## Independence\*



\* Subsequent to the year-end, the number of executives became three, and the number of independent non-executives reduced to six.

## Composition# (%)



# Subsequent to the year-end, the percentage of executives became 27%, and the percentage of independent non-executives reduced to 55%.





OUR BOARD OF DIRECTORS CONTINUED



**Craig Ewin (62)**

BCom, CA(SA).

Independent non-executive director  
**South African**

Appointed to L2D Board: January 2021  
(2 years of service)

Audit and Risk Committee, Remuneration Committee (Chairman) and Nominations Committee, Related Party Committee.



**Lynette Ntuli (40)**

Bcom in Financial Accounting (Wits and Unisa), CSCM (Tuks), Business Leadership Fellowship Programme (Northwestern University, Chicago)

Independent non-executive director  
**South African**

Appointed to previous manager Board: July 2017  
Appointed to L2D Board: July 2018  
(5.5 years of service)

Social, Ethics and Transformation Committee (Chairman), Remunerations and Nominations Committee.

Lynette stepped down from the Remuneration and Nominations Committees on 23 February 2023.



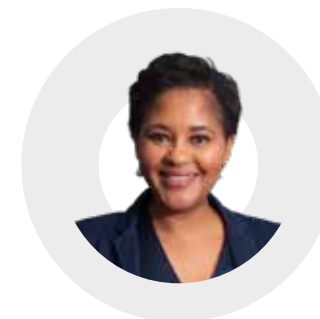
**Nonhlanhla Mayisela (40)**

BCom Accounting and Post Graduate Diploma in Management (Wits).

Independent non-executive director  
**South African**

Appointed to L2D Board: November 2022  
(1 month of service)

Nonhlanhla was appointed to the Social, Ethics and Transformation Committee on 23 February 2023.



**Itumeleng (Tumi) Dlamini (49)**

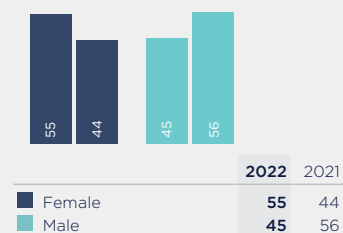
BSocSc, LLB (UCT), Master's in Public Administration (Harvard).

Independent non-executive director  
**South African**

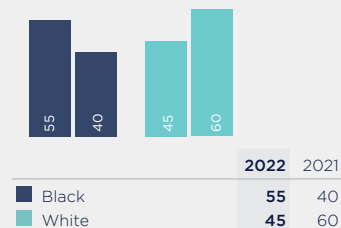
Appointed to L2D Board: November 2022  
(1 months of service)

Itumeleng was appointed to the Social, Ethics and Transformation and Related Party Committees on 23 February 2023.

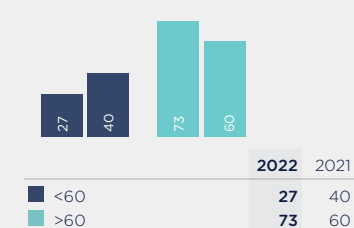
**Gender diversity (%)**



**Racial diversity (%)**



**Age diversity (%)**





OUR BOARD OF DIRECTORS CONTINUED



**Philisiwe Mthethwa (58)**

BA Economics, MBA Corporate Finance (University of Sheffield).

Independent non-executive director

**South African**

Appointed to L2D Board: November 2022

(1 month of service)

Philisiwe was appointed to the Audit and Risk Committee on 23 February 2023.



**David Munro (52)**

Bcom, PGDip Accounting (UCT), CA (SA), AMP (Harvard).

Non-executive director

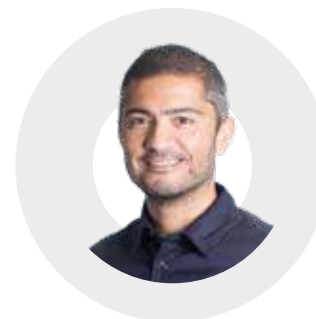
**South African**

Appointed to L2D Board: July 2019

(3.5 years of service)

Nominations Committee.

David stepped down from the Nominations Committee on 23 February 2023.



**José Snyders\* (44)**

CA(SA).

Chief Commercial Officer (1 March 2023)

Financial director (up to 28 February 2023)

**South African**

Appointed to previous manager Board: March 2017

Appointed to L2D Board: July 2018

(6 years of service)

José was promoted to Chief Commercial Officer on 1 March 2023.



**Barbara Makhubedu\* (48)**

CA(SA) Post Graduate Diploma Taxation.

Chief Financial Officer (1 March 2023)

Lead Independent Director (up to 23 February 2023)

**South African**

Appointed to L2D Board: October 2020 (2 years of service)

Audit and Risk Committee, Remuneration and Nominations Committee, Related Party Committee.

Barbara stepped down as Lead Independent Director, and from all committees on 23 February 2023 and was appointed as Chief Financial Officer on 1 March 2023.



# GOVERNANCE OVERVIEW

## HOW CORPORATE GOVERNANCE CREATES VALUE

Within the Company's ethical environment, effective corporate governance practices create and preserve value for all stakeholders while guarding against value erosion. L2D's governance structures and processes create value for all its stakeholders by:

- Adopting an inclusive approach to business.
- Allocating capital and resources to activities that create value.
- Allocating responsibility and accountability.
- Balancing return opportunities with the cost of risk.
- Building legitimacy through ethical leadership.
- Enhancing the Company's understanding of risk and opportunities.
- Ensuring corporate success and business growth.
- Ensuring the Company is managed in the best interests of all.
- Incentivising executives and our people to achieve objectives that are in the interests of the shareholders and the Company.

- Instilling and maintaining confidence, as a result of which the Company can raise capital and debt funding at a lower cost, efficiently and effectively.
- Minimising wastage, fraud, risk and mismanagement.
- Positively impacting the share price.
- Protecting the L2D brand through responsible behaviour.
- Setting the tone for how business is conducted.

## COMMITMENT TO GOOD GOVERNANCE AND THE PRINCIPLES OF KING IV™

**The Board is L2D's corporate governance custodian, leading the Company to embed an ethical culture and ensure effective control, solid performance, and legitimacy.**

The Board believes that good corporate governance:

- Ensures corporate success and business growth.
- Incentivises executives and our people to achieve objectives that are in the interests of the shareholders and the Company.

- Instils and maintains investors' confidence, as a result of which the Company can raise capital at a lower cost, efficiently and effectively.
- Minimises wastage, corruption, risk, and mismanagement.
- Positively impacts the share price.
- Supports the brand.

The Board is L2D's corporate governance custodian, leading the Company to embed an ethical culture and ensure effective control, solid performance and legitimacy.

While it is essential for the Company to achieve its objectives and drive improvement, it is also crucial to maintain a sound legal and ethical standing in the eyes of shareholders, regulators, and the wider community. Furthermore, practising good governance helps build a positive reputation and underpins a healthy Company culture.

L2D is committed to the principles of King IV™, and the Board is ultimately responsible for ensuring the integrated and holistic implementation of these principles. The Board is satisfied with its level of compliance with the King IV™ governance principles. The Board is also satisfied that the Company complies with all the corporate governance requirements applicable to listed entities as set out in paragraph 3.84 of the JSE Listings Requirements.

In the best interests of L2D and its stakeholders, the Company is determined to uphold the Board's application of all the King Code of Governance Principles. The updated King IV™ application register, which sets out how L2D has applied the principles of King IV™, is available on the Company's website.

L2D is a member of the Integrated Reporting Committee of South Africa to stay abreast of international best practices in reporting.

## LEGITIMACY

The Board understands that good corporate citizenship is a measure of the Company's social responsibility and its adherence to legal, environmental, ethical and other responsibilities to its stakeholders. In today's world, corporate citizenship is becoming increasingly important to investors, customers, our people and society as a whole.

To this end, the Board recognises its rights, obligations and responsibilities towards society, stakeholders and the environment. The Social, Ethics and Environmental Committee assists the Board in evaluating and monitoring measures and targets agreed upon with the leadership in all areas.



## GOVERNANCE OVERVIEW CONTINUED

Furthermore, L2D's legitimacy resides in the quality of its assets, with a strong heritage and a track record of being property pioneers, particularly in the retail sector. This is evidenced by the Company's ability to remain relevant to its customers and is known as a sector benchmark in innovative property asset management capabilities.

The Company has a strong licence to win by constantly defining and creating spaces that benefit its various stakeholders.

L2D is part of the Liberty and Standard Bank Group, both of which are credible and trusted brands, and leaders in their respective markets.

## ETHICAL LEADERSHIP AND CULTURE

The Company's leadership is fully committed to the application of, and compliance with, the highest ethical standards. The Board firmly believes in leading by example and ensuring that the tone is set at the most senior level of the leadership structure. L2D's code of ethics, as set out in its people policies, is strictly adhered to in the development and implementation of all business and growth strategies.

The Company's leadership makes all decisions with due consideration to the code. To maintain the highest levels of

integrity, honesty and transparency, the Company's people are all required to familiarise themselves with and adhere to the code. In addition, our people are required to comply with the various policies that support the code.

Furthermore, underpinning the code are the Company's values, which are integrated into the performance management process and shape how L2D behaves and conducts business.

The Company has a zero-tolerance policy on any issues relating to unethical conduct. Therefore, the Company does not, at any level, condone or tolerate any form of fraud, corruption, unlawfulness, or other conduct that is irregular. During the year a new anti-bribery and corruption policy was adopted.

In 2022, all of our people attended online anti-money-laundering, anti-bribery-and corruption and fraud-awareness training.

In November 2022, our people participated in the GIBS Ethics Barometer survey. The overall results were excellent with virtually no observance of ethical misconduct. There are high levels of perceived performance in areas of regulatory compliance, treatment of shareholders and in engaging with broader society. There were lower scores compared to previous survey (2019) for some less significant issues that will be addressed.

## Whistle-blowing

Vuvuzela Hotline is the independent fraud and ethics hotline service provider to L2D and the Liberty Group. Directors, our people, suppliers, and other parties can report any instances of fraud, corruption, misconduct, illegal activities, or unethical behaviour without fear of reprisal or victimisation.

The Company has a whistle-blowing policy in place that protects whistle-blowers for disclosures made without malice and in good faith.

The Company's property manager (JHIR) provides incident reports regarding the L2D portfolio. Any matters of concern or of a serious nature are escalated to the Audit and Risk Committee for discussion, investigation and action as required.

There were no whistleblowing reports for L2D in 2022. Two new incidents were reported via JHIR's hotline. While not material, one incident led to the dismissal of the JHIR staff member along with the service provider staff member. JHIR also reported two other incidents relating to the fraudulent change of banking details. L2D or the portfolio, did not suffer any loss in this regard. The investigations into two other prior year procurement irregularities were completed. These are not regarded as material.

## Conflicts of interest

Members of the Board are required to timeously disclose any interests that conflict or could potentially conflict with those of the Company. Any relevant matters are then managed appropriately. To avoid conflicts of interest and ensure compliance with section 75 of the Companies Act, Board members must disclose, in writing, their interest in material contracts involving L2D. Board members must also recuse themselves from deliberation or decision-making processes relating to any matter in which they may have a vested financial interest.

The Company's people must make the appropriate disclosure of potential conflicts of interest in terms of the general conflicts of interest policy at least twice a year. Gifts received by our people must be disclosed in terms of the gift policy and recorded in a gift register.

In 2022, 13 people received gifts with a total value of R27 248 (2021: 13 people received gifts worth R12 389).

Phone 0800 63 67 25 | SMS: 30916  
Email: [Fraud@thehotline.co.za](mailto:Fraud@thehotline.co.za)  
Website: [www.thehotline.co.za](http://www.thehotline.co.za)  
Mobi: [www.thehotlineapp.co.za](http://www.thehotlineapp.co.za)






## GOVERNANCE OVERVIEW CONTINUED

## Dealing in securities

An information and share-dealing policy governs how our people, directors, insiders, and other affected persons deal in L2D securities or disseminate price-sensitive information. During a prohibited period, a director, Company Secretary, or prescribed officer is not permitted to deal in L2D shares and must always obtain written clearance to trade from the Chairman, in consultation with the Company Secretary. Similarly, our people may not deal in L2D shares without first obtaining written approval from the Chief Executive.

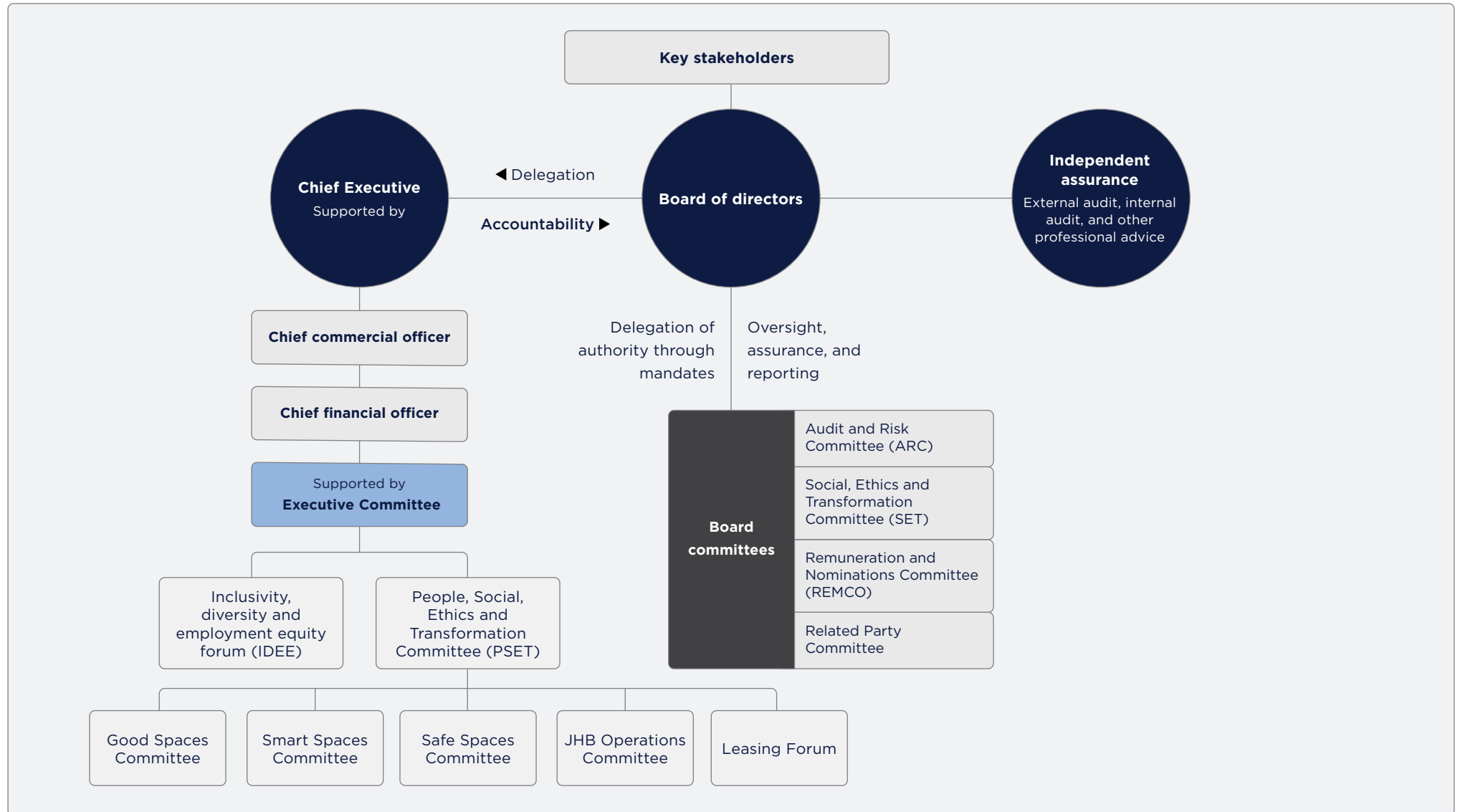
While associates of directors may deal in L2D securities at any time, they must notify the director immediately after their dealings. Investment managers may not deal unless express consent has been obtained from the directors in writing. A closed period commences a month before the end of a reporting period. In L2D's case, this period commences on 1 June and 1 December each year. Directors' dealings are disclosed in accordance with the JSE Listings Requirements.

 Directors' interests in shares are disclosed in the remuneration report on page 152 of the IR.





# GOVERNANCE STRUCTURES AND DELEGATION





## GOVERNANCE STRUCTURES AND DELEGATION CONTINUED

## EFFECTIVE CONTROL

The Board is tasked with directing, managing, and controlling L2D's activities. The Board must execute these roles while maintaining transparency, accountability, and fairness, and acknowledging its responsibility in all decisions made.

Guiding the Board is a charter that sets out the rules for its composition, the frequency of its meetings, and the roles and responsibilities of the directors and the Board as a whole. The Board reviews its charter annually. An annual work plan has been established to ensure that meeting agendas cover all of the Board's duties and responsibilities. While enabling the Board to retain effective control, the Company's governance structures provide for the delegation of authority to several committees.

The Board has formed several committees to support it in maintaining oversight of all L2D's activities, namely the Audit and Risk Committee, the Social, Ethics and Transformation Committee, the Remuneration and Nominations Committee and the Related Party Committee. Notwithstanding, the ultimate responsibility still rests with the Board, to which all committees report.

The Board committees have been appropriately constituted according to all legislative requirements and in line with a

clearly documented mandate that sets out their scope, responsibilities, powers, and authority. Their mandates are reviewed annually, and annual work plans are prepared to ensure the committees cover all their duties and responsibilities during the year. The Related Party Committee only meets as and when required.

In 2022, the Executive Committee (Exco) comprised the Chief Executive, Financial Director, Chief Operations Officer, Human Capital Executive, Marketing and Communications Executive, Chief Risk Officer and Finance Executive and Head of Investor Relations.

From 1 March 2023, the Exco comprises Chief Executive, Chief Commercial Officer, Chief Financial Officer, Chief Operations Officer and Chief People and Culture Officer.

Driving the execution of the Company's four building blocks are three sub-committees, namely:

- Good Spaces Committee, responsible for sustainability.
- Smart Spaces Committee, responsible for increased use of, and integrating, technology to enhance customers' and tenants' experiences.
- Safe Spaces Committee, which deals with health, safety and security in the environments that L2D operates in.

- The Interactive Spaces building block aims to create successful experiential offerings, activations and events to benefit our customers.

The Company has a delegation of authority framework (DoA), which sets out matters reserved for the Board and those delegated to committees, the executive directors and other roles in the business. The DoA applies to L2D and its subsidiaries and is reviewed annually. JHIR has a DoA for the portfolio that sets out their sub-delegated authority for various roles. The Board is satisfied that it contributes to role clarity and an effective arrangement by which authority and responsibilities are exercised.

## BOARD COMPOSITION

The nature of the Board ensures that it can add value in its decision-making to all L2D stakeholders.

The Board at year-end was an efficient team of 11 members comprising two non-executive directors, seven independent non-executive directors (deemed independent in terms of the requirements set out in King IV™), and two executive directors (the Chief Executive and Financial Director).

Subsequent to the reporting period, the Board composition changed to six independent non-executive and three executive directors (Chief Executive, Chief Commercial Officer and Chief Financial Officer).

The members have the necessary qualifications, knowledge, and experience. There is a clear balance of power and authority at the Board level to ensure that no one director has unfettered powers of decision-making.

Three directors were appointed during the year, and one resigned.

## Leadership roles and functions

The Chairman of the Board, Nick Criticos is an independent non-executive director of Liberty Holdings Limited and is therefore not regarded as independent. Barbara Makhubedu served as lead independent director until 23 February 2023 when Peter Nelson was appointed in her place.

The roles and responsibilities of the Chairman and the Chief Executive are separated and clearly defined. The Chairman's responsibility is to provide overall leadership to the Board and ensure that the directors can perform effectively.

The Chief Executive is responsible for the daily management of L2D's operations and chairs the Exco.



GOVERNANCE STRUCTURES AND DELEGATION CONTINUED

The Board is kept informed of all developments within the Group, at the Board meetings and four virtual update meeting schedules in between these meetings. The Chief Executive and Chairman are in regular contact.

The role of independent non-executive directors is to protect the interests of shareholders, especially those of minority shareholding. Independent non-executive directors also ensure that all decisions made by the Board have been subjected to the appropriate oversight, challenge, and scrutiny.

**Chief Executive**

Amelia Beattie was appointed as fulltime Chief Executive of the manager of L2D, with effect from 1 December 2016, and as the Chief Executive of L2D on 10 July 2018.

She has a permanent contract with a three-month notice period that does not provide for balloon payments on termination.

She is a member of the Liberty Holdings Executive Committee. She does not have any other significant directorships on any governing bodies that place pressure on the execution of her duties.

L2D's Board is committed to ensuring sufficient succession conversations are in place in the case of the resignation of the Chief Executive.

**Diversity**

L2D understands that the diversity of the Board and the Company, in general, is key to the business's ongoing success. To this end, the Board has adopted a diversity policy that provides targets for promoting diversity. These appointments ensure the Board achieves its transformation goals while maintaining the correct size and requisite skills to function optimally. While we have met our transformation goals, and exceeded our targets, we hope to inspire the industry and corporate South Africa to rather move towards a 50% target and away from the current 30% target.

The Board has experience across various industries and sectors, with many years of experience in the management of property investment companies.

For further information, refer to page 77 of this report.

**Board and committee changes**

<b>The Board</b>	Angus Band retired as Chairman and non-executive director on 1 March 2022. Nick Criticos, a current non-executive director, was appointed as Chairman on 1 March 2022. Puleng Makhoalibe resigned on 11 August 2022. Nonhlanhla Mayisela, Itumeleng Dlamini and Philisiwe Mthethwa were appointed as independent non-executive directors on 24 November 2022.
<b>Audit and Risk Committee (ARC)</b>	Barbara Makhubedu stepped down on 23 February 2023. Philisiwe Mthethwa was appointed on 23 February 2023.
<b>Social, Ethics and Transformation Committee (SET)</b>	Nick Criticos was appointed as a member on 1 March 2022. Puleng Makhoalibe resigned on 11 August 2022. Philisiwe Mthethwa and Tumi Dlamini were appointed on 23 February 2023
<b>Remuneration (Remco) and Nominations (Nomco) Committee</b>	Nick Criticos was appointed as a chairman of Nomco and a member of Remco on 1 March 2022. Barbara Makhubedu and Lynette Ntuli stepped down on 23 February 2023. David Munro stepped down from Nomco on 23 February 2023 (he is not a member of Remco).
<b>Related Party Committee</b>	Barbara Makhubedu stepped down on 23 February 2023. Tumi Dlamini was appointed on 23 February 2023.





## GOVERNANCE STRUCTURES AND DELEGATION CONTINUED

### Independence

The Board carries out an evaluation of the independence of its directors in line with the King IV™ requirements. The Nominations Committee undertook an internal evaluation of the independence of the non-executive directors on a substance-over-form basis, and the outcome was shared with the Board on 23 February 2023. With the exception of David Munro and Nick Criticos, all non-executive directors were confirmed to be independent. As from 1 March 2023, Barbara Makhubedu will no longer be independent as she has joined the executive team.

Independence of the Board is further assured by the following:

- A lead independent director has been appointed.
- All conflicts of interest are declared.
- Individual directors may take independent professional advice at the Company's expense.
- Non-executive directors do not receive share awards or options from the Company.
- The majority of the Board members are non-executive directors, of whom most are independent.
- The remuneration of non-executive directors is not linked to the performance of the Group.

### Appointment and re-election of directors

Appointments to the Board are made formally and transparently with due deliberation by the Nominations Committee and the Board, and after engagement with the controlling shareholder.

The Company undertakes various procedures for new appointments, including background and reference checks. Board members also need to be willing to devote a relevant portion of their time to L2D.

The shareholders approve the appointment of new directors at the first annual general meeting (AGM) following their appointment. In terms of the Company's Memorandum of Incorporation (MOI), at least one-third of the non-executive directors are subject to retirement by rotation and re-election at each AGM. The composition of the Board and the various Board-appointed committees are reviewed when directors change or on an annual basis. Consideration is given to, among other criteria: skills, knowledge, qualifications, diversity, experience, and balance of power.

All non-executive directors have appointment letters.

### Succession planning

The Board is satisfied that the depth of skills and experience among current directors meets succession requirements. Every year, the Remuneration and Nominations Committee considers succession planning for executive directors and other senior executives. The three new independent non-executive directors appointed in November 2022 have further strengthened succession.

The Company is satisfied that the Board's composition reflects the appropriate mix of skills, knowledge, qualifications, diversity, experience, and independence.

### Company Secretary

The Board is cognisant of the duties of the Company Secretary and the vital role he plays in ensuring that Board procedures and relevant regulations are fully adhered to. The Company Secretary is not a director, and the directors have unlimited access to his advice and services. The Company Secretary acts as secretary for the Company's Board committees and is responsible for the flow of information to the Board and its subcommittees. He ensures that L2D complies with section 88 of the Companies Act and actively assists the Board in its governance initiatives.

Ben Swanepoel has more than 13 years' experience as Company Secretary in

the listed property environment. He has been registered with the Chartered Governance Institute of Southern Africa since 2002. The Board is satisfied that the Company Secretary is sufficiently skilled and experienced to perform in his role effectively.

### Significant matters discussed during the year by the Board and its sub-committees

- Approval of debt funding.
- Approval of SENS and press announcements.
- Approval of strategic initiatives.
- Approval of the annual financial statements.
- Approval of the business plan and budgets.
- Approval of the executive directors' remuneration.
- Approval of the going-concern assumptions.
- Approval of the integrated and ESG reports.
- Approval of the interim and final results and distributions payable to shareholders.
- Approval of the property valuations.
- Approval of the updated strategy.
- Closing the distribution gap to pre-COVID levels.



## GOVERNANCE STRUCTURES AND DELEGATION CONTINUED

- Compliance with the Collective Investment Schemes Control Act (CISCA), the Companies Act, JSE Listings Requirements and other legislation, regulations, codes, and standards.
- Digital transformation initiatives.
- Director appointments.
- Discussion of the updates received from the chairs of the committees.
- Ongoing Sandton City municipal valuation and rates dispute.
- Portfolio and business performance against budget, forecasts, and benchmarks.
- Protection of Personal Information Act (POPIA) compliance.
- Review of liquidity, solvency, and capital-adequacy requirements.
- Review of the risk report and register.
- Review of the Board charter and committee mandates.
- Review of the CE's, CFO's and Company Secretary's performances.
- Review of the Company's strategy and the implementation thereof.
- Review of the expected credit-loss provisions relating to tenant arrears.
- Reviewed the outcomes of the Nomco workshop held to determine the actions to be taken to address issues of concern raised from the board and committee evaluations.
- Transformation and B-BBEE Scorecard targets.

### Information and technology governance

The Company appreciates that technology and information can create and unlock value in the business. The Board is responsible for IT governance, and it discharges this function through the Audit and Risk Committee.

Although the IT function has been partially outsourced, the Company understands the importance of IT governance within the control environment of L2D. The service provider, Liberty IT has provided a letter of assurance confirming that the IT environment has been aligned with good industry practice as presented in the COBIT 5 Governance Framework and IT Infrastructure Library guidelines.

As recommended by suppliers and vendors, the necessary technical standards and guidelines are applied at a technology level. Furthermore, we have outsourced our property management services to service providers who use technology to manage some of the processes that we depend on for decision-making.

The combined risk assessment includes IT risks within the control environment of L2D. The Company recognises the importance of assessing the IT risks of its main property manager, JHIR, and the Audit and Risk Committee monitors these risks regularly.

The Information and Technology Oversight Committee was responsible for IT governance and the rollout of technology envisaged in the Smart Spaces programme. At the end of the year, and following the resignation of the Chief Information Officer, the responsibilities of this committee were transferred to the Exco, and is taken care of by the Chief Financial Officer.

## BOARD PERFORMANCE

### Strategy, performance and reporting

It is the Board's responsibility to approve the Company's overall strategy, oversee its implementation, and monitor L2D's performance against approved budgets, targets and KPIs.

The Board continuously revisits and refines the Company's strategy to ensure it remains relevant. Exco refreshed the strategy and presented it to the Board in September 2022.

At this strategy session, Management and Board discussed the areas that require improvement in the short, medium and long term. The strategic options and alternatives were considered.

The Board is assisted by the Audit and Risk Committee to ensure that the

Company's reports – including the AFS, integrated and ESG reports, presentations, circulars and SENS announcements – are transparent, accurate and comply with legal requirements in order to meet the legitimate and reasonable information needs of its material stakeholders.

### Induction and training

It is a requirement for all directors to continually develop their skills and understanding of the operational environment. Directors are also required to stay informed and understand the material matters that impact the Company to ensure that they are equipped to perform their duties to the best of their ability.

All three directors appointed in 2022 went through the Company's induction programme. This involved one-on-one meetings with the Chairman of the Board, the Chief Executive, Chief Financial Officer, Chief Operating Officer, and Company Secretary, as well as all members of Exco. The aim of the induction programme is for new directors to develop an understanding of the nature of the Company, how it operates, its people and its central relationships. The programme serves to ensure that the director gains an understanding of their role and responsibilities as a director as well as the framework and industry within which the Company operates. The induction also covers the Board and committees, the



## GOVERNANCE STRUCTURES AND DELEGATION CONTINUED

composition thereof, and all the relevant processes to enable the director to optimally function as quickly as possible. Pertinent governance documentation, including minutes of prior meetings, are made available to new directors.

During the year under review, presentations and training sessions were held to ensure that directors stayed abreast of the regulatory changes, legislative requirements, and industry trends. These included a site visit to Eastgate Shopping Centre, retail trends, valuations and the accelerated change of sustainability and climate-related reporting. In addition, articles of interest are uploaded on the Diligent Board platform for reading.

## Board performance evaluations

The Board appreciates that a performance evaluation is a mechanism for encouraging continuous performance improvement at Board level, which is effective for developing teamwork and encouraging trust between Board members. In terms of the Board charter formal evaluations must be conducted at least every two years.

The last Board evaluations were conducted in December 2021 by an independent consulting services provider that specialises in governance and strategy, in accordance with best practices set out in the King IV™. Nomco held an evaluations workshop in April 2022, and rated the

performance of the Board, Chairman and committees as excellent. Matters requiring attention were identified as director development and induction, succession planning, strategic planning and committee effectiveness, an action plan was developed and implemented in 2022.

## Legitimacy

L2D's legitimacy resides in the quality of its assets, with a strong heritage and a track record of being property pioneers, particularly in the retail sector. This is evidenced by the Company's ability to remain relevant to its customers and is known as a sector benchmark in innovative property asset management capabilities.

The Company has a strong licence to win by constantly defining and creating spaces that benefit its various stakeholders.

L2D is part of the Liberty and Standard Bank Group, both credible and trusted brands and leaders in their respective markets.

## Attendance at Board meetings

The Board is responsible for the Company's governance function. To effectively execute its fiduciary role, the Board has committed to meet a minimum of four times a year. It may call additional ad hoc Board meetings should the need arise to address any matters relating to operational, financial, governance or any other key business issues.





## GOVERNANCE STRUCTURES AND DELEGATION CONTINUED

During the year under review, scheduled quarterly meetings were held. For the details of attendance at Board and committee meetings, refer to the following table.

## Board and committee meeting attendance

Committees	BOARD	ARC	SET	REMCO	NOMCO
<b>Current chairs</b>	Nick Criticos	Peter Nelson	Lynette Ntuli	Craig Ewin	Nick Criticos
<b>Number of meetings</b>	4	5	3	2	2
Nick Criticos <sup>#</sup> <i>Non-executive Chairman</i>	4/4	5/5*	3/3	2/2	2/2
Angus Band <sup>^^</sup> <i>Outgoing non-executive Chairman</i>	1/1	1/1*	1/1	1/2	1/2
Barbara Makhubedu <i>Lead Independent non-executive director</i> <sup>AA</sup>	4/4	5/5	n/a	2/2	2/2
Lynette Ntuli <sup>§</sup> <i>Independent non-executive director</i>	2/4	n/a	2/3	1/2	1/2
David Munro <i>Non-executive director</i>	4/4	2/5*	n/a	2/2	2/2
Peter Nelson <i>Independent non-executive director</i>	4/4	5/5	1/3*	2/2	2/2
Puleng Makhoalibe <sup>^</sup> <i>Independent non-executive director</i>	3/3	n/a	2/2	n/a	n/a
Craig Ewin <i>Independent non-executive director</i>	4/4	5/5	1/3*	2/2	2/2
Amelia Beattie <i>Chief Executive</i>	4/4	4/5*	3/3	2/2*	2/2*
José Snyders <i>Finance Director</i>	4/4	5/5*	3/3*	n/a	n/a
Ben Swanepoel <i>Company Secretary and Compliance Officer</i>	4/4	5/5	3/3	2/2	2/2

\* By invitation.

^^ Retired 1 March 2022.

# Appointed as Chairman on 1 March 2022.

§ Leave of absence covered February 2022 meetings.

^ Resigned 11 August 2022.

AA Resigned on 23 February 2023.

## BOARD COMMITTEES

The Company has several standing committees, created to assist the Board with executing its responsibilities. While certain functions are delegated to the committees, the Board retains ultimate responsibility for all committees' activities. Each committee has an agreed-upon mandate approved by the Board. The committee mandates were reviewed in November 2022 and set out the following for each constituted committee:

- The arrangements for evaluating the committee's performance.
- The committee's access to resources and information.
- The committee's overall role, duties and responsibilities.
- The composition of the committee.
- The meeting procedures to be followed.
- The responsibility delegated by the Board to the committee.
- The scope of authority that is set out for each committee.

For the year under review, all committees were satisfied that they fulfilled their responsibilities in accordance with their mandates.





# TABLE OF ABBREVIATIONS

AGM	Annual General Meeting	MOI	Memorandum of Incorporation
ARC	Audit and Risk Committee	NDP	National Development Plan
B-BBEE	Broad-Based Black Economic Empowerment	POPIA	Protection of Personal Information Act
CISCA	Collective Investment Schemes Control Act	PDI	Previously Disadvantaged Individuals
CSI	Corporate social investment	REIT	Real estate investment trust
DoA	Delegation of authority	RVM	Reverse vending machines
ESD	Economic Social Development	SAPOA	South African Property Association
GBCSA	Green Building Council of South Africa	SBT	Science-Based Targets
GLA	Gross-lettable area	SET	Social, Ethics and Transformation Committee
GRI	Global Reporting Initiative	SDG	Sustainable Development Goals
IDEE	Inclusivity, Diversity and Employment Equity	TCFD	Task Force on Climate-Related Financial Disclosures
IT	Information technology	YIPA	Youth in Property Association
IFRS	International Financial Reporting Standards	2DP	2 Degrees Properties Proprietary Limited, a wholly owned subsidiary of Liberty Two Degrees Limited
JSE	Johannesburg Stock Exchange		
KPI	Key performance indicators		
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# CORPORATE INFORMATION

<b>Date of registration</b>	10 July 2018
<b>Liberty Two Degrees Limited</b>	JSE code: L2D ISIN: ZAE000260576 Approved as a REIT by the JSE Liberty Two Degrees or L2D A public company (Registration number 2018/388906/06) duly incorporated in accordance with the laws of South Africa and listed on the JSE.
<b>Company secretary</b>	<b>Ben Swanepoel</b> Liberty Two Degrees 3rd Floor, West Office Block Nelson Mandela Square Corner of Maude and 5th Street Sandton 2196
<b>Registered office</b>	3rd Floor, West Office Block Nelson Mandela Square Corner of Maude and 5th Street Sandton 2196 (Postnet Suite 85, Private Bag X9976, Sandton City, 2196)
<b>Contact information</b>	Telephone: +27 11 358 9145 Email: <a href="mailto:investors@liberty2degrees.co.za">investors@liberty2degrees.co.za</a> <a href="http://www.liberty2degrees.co.za">www.liberty2degrees.co.za</a> Postnet Suite 85, Private Bag X9976, Sandton City, 2196
<b>Auditors</b> <b>PricewaterhouseCoopers Inc.</b>	Waterfall City 4 Lisbon Lane Jukskei View Midrand 2090 Private Bag X36, Sunninghill, 2157
<b>Sponsor</b>	<b>Merchantec Capital</b> Registration number 2008/027362/07 13th Floor, Illovo Point, 68 Melville Road Illovo, 2196 PO Box 41480, Craighall, 2024 Tel: +27 11 325 6363