

KING IV™ APPLICATION REGISTER FOR THE YEAR ENDED 31 DECEMBER 2020

The below-mentioned principles embody what SA Corporate Real Estate Limited ("SAC") strives to achieve by the application of various governance practices. The Board, with the support of its Committees, annually assesses SAC's compliance with the King IV principles, and the Group continually strives to attain best-in-class governance practices proportional to its structure and operations. SAC realises the following benefits and value creation through good governance:

- ✓ Ethical culture
- ✓ Good performance
- ✓ Effective control
- ✓ Legitimacy

King IV Application Register:



**LEADERSHIP, ETHICS AND
CORPORATE CITIZENSHIP**
Principles 1 to 3



**STRATEGY, PERFORMANCE
AND REPORTING**
Principles 4 and 5



**GOVERNING STRUCTURES
AND DELEGATION**
Principles 6 to 10



**GOVERNANCE FUNCTIONAL
AREAS**
Principles 11 to 15



**STAKEHOLDER
RELATIONSHIPS**
Principle 16

PRINCIPLE	APPLICATION	REFERENCE ¹
Principle 1 The Board should lead ethically and effectively	The Board is the custodian of the Group's ethical leadership and corporate governance. A code of ethics is in place which requires all directors and employees to apply moral standards in all business dealings. This includes standards of good, proper and fair conduct, which are supported by the Group's values.	Integrated Annual Report (IAR) – p.2 and 84 ESG Report (ESGR) – p.1
Principle 2 The Board govern the ethics of the Company in a way that supports the establishment ethical culture	The Board is responsible for the Group's ethical leadership and corporate governance and its responsibility in this regard is set out in the Board Charter. A code of ethics is in place which outlines guidelines on stakeholder engagement and is supported by a code of conduct ("the codes") and various policies and procedures relating to specific matters. Directors are required to annually confirm compliance with the codes of ethics and conduct and all employees are required to apply the codes' principles in all their business dealings and interactions with the Group's stakeholder.	IAR – p.84 Code of Ethics (web) Code of Conduct (web)

¹ The Company's Integrated Annual Report and ESG Report, Audited Annual Financial Statements for the year ended 31 December 2020, Board Charter and Board Committee Terms of Reference, codes and policies can be found on the Company website: www.sacorporatefund.co.za

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	<p>The codes reinforce the values of the Group. The values are integrated into the Group's performance management process and shape the way it behaves and conducts business.</p> <p>SAC subscribes to the Deloitte Tip-offs Anonymous fraud and ethics hotline which enables directors, employees, suppliers and other parties to report irregular and unethical behaviour without fear of retribution or victimisation. Reports received are tabled at the Risk and Compliance Committee meetings for discussion and are investigated and actioned by the Board, as required.</p>	
<p>Principle 3 The Board ensure that the Company is and is seen to be a responsible corporate citizen</p>	<p>SAC upholds its responsibilities as a corporate citizen by addressing economic, environment and social concerns as an integral part of its business model.</p>	<p>ESGR (full)</p>
<p>Principle 4 The Board should appreciate that the Company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process</p>	<p>Management develops the strategy and presents it to the Board for approval. The Board takes steps to ensure that long-term planning will result in sustainable outcomes taking account of society, environment and economy. The Board ensures that the strategy is aligned with the purpose of the Company, the value drivers of its business and the legitimate interests and expectations of its stakeholders. Strategy is translated into key performance areas and the associated performance and risk measures are identified and clear.</p>	<p>IAR – p.12-20, 36, 40 and 41</p>
<p>Principle 5 The Board should ensure that reports issued by the Company enable stakeholders to make informed assessments of the Company's performance and its short, medium-, and long-term prospects.</p>	<p>The Board and its Committees assess the integrity of external reports, ensuring that communication to stakeholders is accurate, transparent, consistent and relevant.</p> <p>SAC's Board acknowledges its responsibility to ensure the integrity of the IAR. The Board is of the opinion that the 2020 IAR is presented in accordance with the <IR> Framework, addresses all material matters and offers a balanced view of the performance of the Group and the impact on its stakeholders. The Board has, therefore, approved this IAR for publication.</p> <p>The directors of SAC are responsible for the preparation and integrity of the Group annual financial statements and the related information included in the annual financial statements of the Company and all its subsidiaries. In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the Risk and Compliance Committee and the Audit Committee.</p>	<p>IAR – p.2, 94 Annual Financial Statements (AFS) – p.2, 9</p>
<p>Principle 6 The Board should serve as the focal point and custodian of</p>	<p>SAC's approach to corporate governance supports the implementation of the principles and recommended practices of King IV and the JSE Listings Requirements. The Company periodically reviews the corporate governance practices, ensuring that it acts in the best interest of the stakeholders, applies the best industry practices and complies with all applicable laws. The Board,</p>	<p>IAR – p.84</p>

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<p>corporate governance in the Company</p>	<p>with the support of its Committees, annually assesses SAC’s compliance with the King IV principles, and the Group continually strives to attain best-in-class governance practices proportional to its structure and operations.</p> <p>The Board is satisfied that the Group complies with all the corporate governance requirements applicable to listed entities, as set out in section 3.84 of the JSELR and in line with King IV’s “apply and explain” approach, the Company discloses the extent to which SAC applies the King IV principles</p>	
<p>Principle 7 The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>Having due regard for the benefits of diversity in the widest sense, the Board has adopted policies and voluntary targets aimed at the promotion of diversity and inclusiveness at Board level. To this end, a voluntary target of at least 40% female representation on the Board was agreed upon, and the target has been met. The Board’s diversity policy and targets are reviewed annually and adjusted as appropriate. Of the total Board, 60% of directors are from previously disadvantaged groups, with four of these directors being women. The Board is satisfied that its composition reflects an appropriate mix of skills, knowledge, qualifications, diversity, experience and independence.</p>	<p>IAR – p.85-86</p>
<p>Principle 8 The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties</p>	<p>The Board delegates certain responsibilities to structured and appropriately mandated Board Committees without abdicating its own accountability. Delegation to such Committees is formalised in Board-approved terms of reference for each Committee and the Board appoints the members for each Committee for the skills required to effectively provide strategic direction to the Group, as well as for monitoring and overseeing the activities of the Group to contribute to the effective discharge of the Board’s duties and responsibilities to grow and protect stakeholder value.</p> <p>The composition and mandate of each Committee are annually reviewed, and each Committee undergoes an annual evaluation of performance. During the period under review, the Committees were: Audit Committee; Risk and Compliance Committee; Nomination Committee; Remuneration Committee; Investment Committee; and Social, Ethics and Environmental Committee</p>	<p>IAR – p.87-90 Board Charter Committees’ terms of reference</p>
<p>Principle 9 The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness</p>	<p>The Board annually evaluates its effectiveness and that of its Chairman, Committees, Committee Chairpersons, individual directors and the Company Secretary and, in this regard, a questionnaire-based evaluation was performed on the effectiveness of the Board and its Committees during 2020. The outcomes of the evaluations are considered by the Board with an emphasis on improving the focus areas identified in these evaluations and the development of plans and initiatives to address any areas of improvement. The Board was satisfied with the current performance of the newly established Board and will continue efforts to improve its performance on an ongoing basis. Going forward performance evaluations will be conducted, by an external party, at least every two years, with an internal assessment every alternate year.</p> <p>The Board was satisfied that its Committees fulfilled their respective mandates in compliance with each of their terms of reference, as approved by the Board.</p>	<p>IAR – p.85, 87 Board Charter Committees’ terms of reference</p>

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<p>Principle 10 The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>The Board has adopted an approvals framework for the delegation of authority to the CEO and management. The framework is reviewed annually for accuracy and relevance and sets out the decisions in respect of which the Board has reserved the decision-making authority.</p>	<p>IAR – p.87</p>
<p>Principle 11 The Board should govern risk in a way that supports the Company in setting and achieving its strategic objectives</p>	<p>Through the Board’s approved Enterprise Risk Management (“ERM”) process, management identifies key risks facing the Group and ensures that the necessary internal controls are implemented and maintained. The main purpose of our ERM is to adequately position the Group to understand and respond to the potential risks that could materially impact the execution of its strategic objectives and operations and to ensure timely response to appropriate opportunities.</p> <p>The Board determines the Group’s risk appetite and tolerance levels and considers and approves the Group’s risk management policy and plan. To this end, the Board of SAC assumes overall responsibility for the management of risk within the Group. The Board approved risk management policy determines measures to reduce the risks the Group is exposed to as much as is reasonable and commercially practical, and to mitigate, transfer and insure against risks that cannot be avoided. The Board’s Risk and Compliance Committee assists the Board in carrying out this function with input from the respective Board Committees.</p>	<p>IAR – p.91-94</p>
<p>Principle 12 The Board should govern technology and information in a way that supports the Company in setting and achieving its strategic objectives</p>	<p>The Board appreciates that technology and information can create and unlock value in the business. Information and technology governance is the responsibility of the Board and this function is discharged through the IT Steering Committee, which reports to the Risk and Compliance Committee of the Board. The most critical applications used by the Group are cloud based ensuring the availability of data and mitigation of the effect of unplanned downtime. The Group engaged an external service provider to develop and assist with the implementation of a fit-for-purpose Business Continuity Plan (BCP) for the Group. The design phase of the BCP was concluded during 2020. Thereafter the implementation phase, which comprised walk-through testing, validation training and awareness, commenced and the plan was presented to, and approved, by the Risk and Compliance Committee in April 2021. Periodic simulation exercises will be undertaken to ensure ongoing refinement and enhancement of the BCP</p>	<p>IAR – p.87, 94</p>
<p>Principle 13 The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a</p>	<p>SAC is in compliance with the provisions of the Companies Act 71 of 2008, as amended, specifically relating to its incorporation and that it is operating in conformity with its MOI. The risk of non-compliance with statutory and regulatory requirements forms part of the identified risks and is assessed and responded to on an ongoing basis.</p>	<p>IAR – p.93-94</p>

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<p>way that supports the Company being ethical and a good corporate citizen</p> <p>Principle 14 The Board should ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium-, and long-term</p>	<p>The Remuneration Committee assists the Board in setting the Company’s remuneration policy and the directors’ remuneration, so as to ensure that SAC remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium-, and long-term.</p> <p>All aspects of remuneration are defined and implemented with a view to realise the principle of fair and responsible remuneration across the Company.</p>	<p>Remuneration Report (IAR p.96-112) Remuneration Policy (web)</p>
<p>Principle 15 The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and external reporting purposes</p>	<p>The Audit Committee considers the adequacy and effectiveness of the system of internal financial control for the Group. The Committee has noted that in making their declaration as to the adequacy and effectiveness of internal financial controls required in terms of JSE Listings Requirement 3.84(k) the CEO and CFO have advised that given the recent introduction of the aforementioned listings requirement and the current maturity of the Group’s combined assurance model, in making the declaration they were not able to rely on assurance of an external process across all spheres of the Group and undertook a control self-assessment whereby internal assurance providers for each area of financial control were identified and required to attest to the internal financial controls being adequate and effective throughout the financial year. The CEO and CFO have identified areas where improvements to internal financial controls were necessary and the remedial actions will continue to be taken in this regard.</p>	<p>AFS – p.12 IAR – p.94</p>
<p>Principle 16 In the execution of its governance role and responsibilities the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time</p>	<p>SAC has identified and maintains active engagement with a broad range of stakeholders that have a direct or indirect impact on its business, its reputation, and its ability to create value for its stakeholders. The Group recognises that the quality of these relationships impacts the success of its business and appreciates the importance of maintaining a sustainable balance with the interests of our stakeholders.</p> <p>SAC maintains a formalised stakeholder engagement and communication process which is aimed at identifying and prioritising all individuals, entities and groups who might affect or be affected by, the Group’s investments, operations and activities.</p> <p>Engaging with SAC’s stakeholders forms a critical part of its business strategy, and SAC invests in understanding its stakeholders’ views and needs and ensuring that transparent, balanced, and timely information is accessible to all.</p>	<p>IAR – p.21 ESGR – p.21</p>