

## KING IV™ APPLICATION REGISTER FOR THE YEAR ENDED 31 DECEMBER 2021

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 <sup>1</sup>
<b>Principle 1</b> <b>The Board should lead ethically and effectively</b>	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; 82 ESG Report (ESG) – p.1; 9
<b>Principle 2</b> <b>The Board govern the ethics of the Company in a way that supports the establishment ethical culture</b>	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.2; 82 ESG: p.1; 9 Code of Ethics (web) Code of Conduct (web)

<sup>1</sup> The Company's Integrated Annual Report and ESG Report, Audited Annual Financial Statements for the year ended 31 December 2021, Board Charter and Board Committee Terms of Reference, codes and policies can be found on the Company website: [www.sacorporatefund.co.za](http://www.sacorporatefund.co.za)

PRINCIPLE	APPLICATION	REFERENCE <sup>1</sup>
	<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>During the year under review, SAC appointed WhistleBlowers (Pty) Ltd (WhistleBlowers) as the Group’s new whistleblowing hotline provider. Whistleblowing reports received are tabled for the Audit and Risk Committee (“ARC”) discussion and are investigated and actioned by the Board, as required. For the year under review, no new whistleblowing reports were received from Deloitte (previous hotline provider) or WhistleBlowers.</p>	
<p><b>Principle 3</b> 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 it business model.</p>	<p>ESG (full report) IAR: 19; 26</p>
<p><b>Principle 4</b> 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: 10; 38; 48; 86; 96</p>
<p><b>Principle 5</b> 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 2021 IAR is presented in accordance with the &lt;IR&gt; 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 Audit and Risk Committee.</p>	<p>IAR: 2 Annual Financial Statements (AFS) 2; 9</p>
<p><b>Principle 6</b> 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</p>	<p>IAR: 2; 82</p>

PRINCIPLE	APPLICATION	REFERENCE <sup>1</sup>
<p><b>corporate governance in the Company</b></p>	<p>stakeholders, applies the best industry practices and complies with all applicable laws. 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.</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><b>Principle 7</b>  <b>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</b></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 (as at 31 December 2021). The Board’s diversity policy and targets are reviewed annually and adjusted as appropriate. Of the total Board, 67% of directors are from previously disadvantaged groups, with four of these directors being women (as at 31 December 2021). The Board is satisfied that its composition reflects an appropriate mix of skills, knowledge, qualifications, diversity, experience and independence.</p>	<p>IAR: 82  Board Diversity Policy Statement (web)</p>
<p><b>Principle 8</b>  <b>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</b></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 is annually reviewed, and each Committee undergoes an annual evaluation of performance. During the period under review, the Committees were: Audit and Risk Committee*; Nomination Committee; Remuneration Committee; Investment Committee; and Social, Ethics and Environmental Committee. *The Board dissolved the Risk and Compliance Committee and assigned its mandate to the Audit Committee.</p>	<p>IAR: 82  ESG: 9  Board Charter  Committees’ terms of reference</p>
<p><b>Principle 9</b>  <b>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</b></p>	<p>A formal performance evaluation of the Board, Committees, individual directors and the Group Company Secretary is conducted at least every two years, and in every alternate year, an opportunity is provided for reflection and discussion by the Board of its performance and that of its Committees, the Chairman, individual directors and the Group Company Secretary. For the period under review a formal, externally facilitated, Board evaluation process was undertaken based on the requirements of King IV. The process assessed the performance and effectiveness of SAC’s Board, its Committees, the executive and non-executive directors individually, the Chairman, and the Group Company Secretary. In addition, a skills assessment was performed to assist the Board in determining the skills which are currently available within its structures, as well as any additional skills that would be beneficial going forward.</p>	<p>IAR: 82  ESG: 10  Board Charter  Committees’ terms of reference</p>

PRINCIPLE	APPLICATION	REFERENCE <sup>1</sup>
	<p>The evaluation concluded that the Board is performing well, with an overall average score of 3.61 out of 4.00. This score indicates that the Board is confident in its overall performance and contributions to SAC, with certain areas being identified for improvement. In this regard, the Chairman of the Board is responsible for determining any actions required to enhance the effectiveness of the Board, and the Board is satisfied that the evaluation process is improving its performance and effectiveness.</p> <p>The Board was further satisfied that its Committees fulfilled their respective mandates in compliance with each of their terms of reference, as approved by the Board.</p>	
<p><b>Principle 10</b>  <b>The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</b></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>The Board is further satisfied that the Group’s delegation of authority framework contributes to role clarity and effective arrangements by which authority and responsibilities are exercised.</p>	<p>IAR: 82</p>
<p><b>Principle 11</b>  <b>The Board should govern risk in a way that supports the Company in setting and achieving its strategic objectives</b></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 ARC assists the Board in carrying out this function with input from the Board’s other Committees.</p>	<p>IAR: 88</p>
<p><b>Principle 12</b>  <b>The Board should govern technology and information in a way that supports the Company in setting and achieving its strategic objectives</b></p>	<p>SAC’s information and communication technology (ICT) policies and procedures cover, inter alia, the use and safeguarding of the Group’s information and systems, the use of social media, business continuity and disaster recovery plans, and the regular updating and improvement of technology.</p> <p>The ARC is responsible for oversight of ICT risk, as integrated into the Group’s risk management processes, and monitoring ICT governance. An ICT Steering Committee, under the chairmanship of the CEO, is responsible for carrying out the information and communication technology-related responsibilities assigned to it in terms of an IT Steering Committee charter. This includes, inter alia, motivating and monitoring IT project budgets, the IT governance framework, integrating a strategic IT planning process in line with the business strategy development process and identifying and exploiting opportunities for IT to improve the Group’s performance and sustainability.</p>	<p>IAR: 97  ESG: 12</p>

PRINCIPLE	APPLICATION	REFERENCE <sup>1</sup>
	<p>Following the progress made in 2020, a fit-for-purpose Business Continuity Plan (BCP) was developed for finalisation and implemented during 2021. The BCP is subject to periodic simulation exercises to ensure ongoing refinement and enhancement and will be reviewed by the Group's internal auditors, BDO, as part of the Group's internal audit plan for 2022.</p>	
<p><b>Principle 13</b>  <b>The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the Company being ethical and a good corporate citizen</b></p>	<p>SAC complies with the provisions of the Companies Act, as amended, specifically relating to its incorporation and that it is operating in conformity with its MOI.</p> <p>During the year under review, no significant fines were levied for non-compliance with statutory and regulatory requirements and there were no regularity censures. No fines were levied for noncompliance with any environmental laws and regulations. SAC was not party to any legal action for uncompetitive behaviour, and no requests were received or denied for information in terms of the Promotion of Access to Information Act.</p> <p>The risk of non-compliance with statutory and regulatory requirements forms part of the Group's identified risks and is assessed and responded to on an ongoing basis. In this regard, the ARC:</p> <ul style="list-style-type: none"> <li>• monitors and oversees the Group's processes for compliance with laws, regulations and best practice codes relevant to the Group;</li> <li>• will oversee the recommendation of a policy that articulates and gives effect to the Group's direction on compliance and identifies its compliance landscape to the Board for approval;</li> <li>• monitors managements' implementation and execution of effective compliance management;</li> <li>• receives and considers reports on compliance matters, including on matters of material litigation and the Group's whistle-blower hotline activity; and</li> <li>• periodically reviews the effectiveness of the systems for monitoring compliance with laws and regulations to ensure adequacy.</li> </ul> <p>SAC has adopted a risk management policy in line with section 13.46(h) of the JSE Listings Requirements. The policy is in accordance with industry practice and specifically prohibits SAC from entering into any derivative transactions that are not in the normal course of SAC's business. The ARC confirms that it has monitored compliance with the policy during the year under review and also that the Company has, in all material respects, complied with the policy.</p>	<p>IAR: 88; 96</p>
<p><b>Principle 14</b>  <b>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</b></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>IAR: 98  Remuneration Policy (web)</p>

PRINCIPLE	APPLICATION	REFERENCE <sup>1</sup>
<p><b>Principle 15</b>  <b>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</b></p>	<p>The Group’s Internal Auditor, BDO, confirmed that based upon the quarterly Internal Financial Control Reviews performed for the 2021 financial year period, they could conclude, based on their scope of work and controls tested, that the system of internal financial controls in operation at SAC is adequate and operating as intended.</p> <p>Regarding the overall effectiveness of SAC’s governance, risk management and control processes, BDO further confirmed that, based upon the internal audit work performed for the months May 2021 to February 2022 for the 2021 financial period, as per their approved internal audit plan and the audits undertaken above, they could conclude, based on their scope of work and controls tested, that the system of internal controls in operation at SAC is adequate and operating as intended.</p> <p>The ARC confirmed that nothing had come to its attention to indicate a material breakdown in the functioning of the financial reporting controls, procedures or systems during the year ended 31 December 2021.</p>	<p>AFS: 2; 9  IAR: 96</p>
<p><b>Principle 16</b>  <b>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</b></p>	<p>SAC maintains a formalised stakeholder engagement policy and disclosure control procedures which are aimed at identifying and prioritising all individuals, entities and groups who may impact or be impacted by the Group’s investments, operations and activities. Engaging with our stakeholders forms a critical part of our business strategy and value system, and SAC invests in understanding its stakeholders’ views and needs and ensuring that transparent, balanced, and timely information is accessible to all.</p> <p>The Board’s Committees, and in particular the Social, Ethics and Environmental Committee (“SEEC”), and to the extent relevant the Audit and Risk- and Nomination Committees, assist the Board in carrying out this responsibility by considering and discussing specific stakeholder issues and disclosure matters at its meetings.</p>	<p>IAR: 19  ESG: 28  Group’s Stakeholder Policy and Disclosure Controls (web)</p>