

Environmentally Responsible Development 2020

Biodiversity enhancement

Attacq believes natural diversity in ecosystems has many benefits to the natural environment and humans. Attacq also believes that indigenous plants are best adapted to local conditions and will be more resilient and use less scarce resources like water. Therefore, Attacq not only supports and complies with relevant environmental and conservation legislation in its developments but commits to establishing natural habitat and indigenous landscaping where practical.

Attacq proactively works to minimise the impact their developments and South African portfolio has on the natural environment. This requires responsible action across a range of fronts including reducing the impact of their developments on the natural environment and biodiversity.

Attacq will be appointing a biodiversity specialist as part of their sustainability strategy for Waterfall City. The specialist will focus on the enhancement of ecological value and developing a biodiversity management plan which will include quantified time-specific targets to address biodiversity impact. The intent is that a biodiversity management plan will result in a net biodiversity gain representing an enhancement of the City's biodiversity compared to its original state prior to construction.

Attacq aims to achieve a sustainable precinct rating for Waterfall City which addresses the requirements of biodiversity enhancement in line with best practice sustainability standards. The appointment of the biodiversity specialist will be in line with the Green Star Sustainable Precincts Rating, Enhancement of Ecological Value Credit 29.

The biodiversity specialist will work based on the initial Environmental Impact Assessment (EIA) that was done by independent specialists prior to any development commencing. In the EIA possible impacts on the environment and biodiversity are identified which will form the baseline for the biodiversity enhancement strategy. These impacts are qualified for each of the stages of the development (construction, commissioning and operations).

The EIA conducted for Waterfall provided a detailed assessment of biodiversity risks for any new operations or projects within the City, all habitats previously identified in the EIA will be a key focus of the biodiversity enhancement strategy. At Waterfall, city-wide maps were developed to identify adjacent sensitive areas, and to ensure environmental connectivity. Attacq works in partnership with the Waterfall Management Company Proprietary Limited to address biodiversity beyond the boundary of Waterfall City by considering synergies between adjacent operations and associated impact.

Attacq's goal is to achieve a net biodiversity gain of at least 10.0%, various biodiversity offsets including spekboom sequestration are currently being implemented on an ad hoc basis throughout the city starting with the road median in front of the new Deloitte Head Offices in Waterfall City.

The biodiversity management plan developed will be based on an assessment of existing sites and identify risks and opportunities for improvement. A monitoring program, including a set of performance indicators that will be measured on a 3-yearly basis (after project completion) will be put in place. An

adaptive management and continual improvement process are critical to the success of biodiversity enhancement, including options for maintaining or revising the trajectory of habitat improvements, to maintain the value of outcomes.

Measures already in place demonstrate Attacq's ongoing commitment to maintenance and monitoring of the open space and wetland areas in a section of the Waterfall development and how Attacq is protecting natural and biodiverse habitats like wetlands. Attacq's goal is to ensure proper rehabilitation, protection and sustainable use of these open areas as part of normal long-term operations in the commercial estate. To illustrate this approach:

- Ponds were planned and built using natural materials to manage stormwater and provide habitats for birdlife in the area
- To protect these habitats and prevent ponds from becoming clogged, brush vegetation is cut before the wet season, and alien invasive plants removed.

An Environmental Management Plan (EMP) is a critical part of every development by Attacq. The EMP is the document that provides a description of the methods and procedures for mitigating and monitoring environmental impacts identified in the EIA. Construction is monitored by Environmental Specialists doing bi-weekly site visits to assess and ensure compliance with the EMP. The EMP will be adapted over and above the normal requirements to include the necessary elements of a Biodiversity Management Plan developed by the appointed Specialist.

Climate change

Attacq recognises climate change as a significant issue facing the world and South Africa specifically; an issue that has real and material operational and risk implications for Attacq as a business. In response to the risk posed by climate change Attacq is committed to reducing its contribution to climate change while preparing for the effect of climate change in their South African portfolio which includes their Greenhouse Gas (GHG) emissions.

To outline the South African Government's vision regarding South Africa's response to climate change, the Department of Environmental Affairs developed the National Climate Change Response white paper published in 2018. Attacq strives to align with the climate change response actions highlighted in this document and is currently exploring ways to ensure climate resilient development.

Attacq will be appointing a climate change specialist as part of their sustainability strategy for Waterfall City. The specialist will focus on the assessment of climate change scenarios and impacts on the portfolio using different time scales, relevant to the anticipated lifespan. The intent is that a companywide Climate Change Adaption Plan will be developed to identify potential risks and risk management procedures for the city and its people. The risks must consider the ecology of the city in terms of its assets and key infrastructure, for example, roads, public open space, electricity and communications infrastructure, hospitals, police, fire etc. Primary effects such as air temperature, solar radiation, precipitation, wind and humidity all have a direct impact on the city as a result of climate change.

As part of mitigating climate change, Attacq is committed to sensible renewable energy projects. When correctly designed, these projects reduce operational costs, improve the resilience of their buildings and reduce the carbon footprint of their South African portfolio.

To ensure board oversight the newly appointed sustainability manager is a permanent invitee to Attacq's Transformation Social and Ethics committee chaired by the board member responsible for overseeing Attacq's efforts in sustainability and the Combined Assurance Forum chaired by the Group Risk and Compliance Officer.

Attacq believes in the need to invest in research and development as well as innovation on an ongoing basis to monitor their risk and gauge the appropriate response from a company level. For example, this includes the installation of a smart city scientific grade weather station underway within Waterfall that will measure:

- temperature
- humidity
- precipitation
- pressure
- wind
- solar radiation levels
- daylight and artificial light levels at night
- noise levels
- carbon monoxide and carbon dioxide levels
- airborne pollutants
- pollen levels
- air quality
- hail and lightning activity.

The City has its own unique microclimate and a smart weather station will allow us to observe climate change and future proof any new development.

Portfolio performance benchmarking

Attacq's Carbon Footprint and Green House Gas (GHG) emissions assessments are based on a model developed by PricewaterhouseCoopers, as a reputable independent company. The carbon emissions were measured in accordance with the GHG Protocol. All emission factors used were from Department of Environment, Food and Rural Affairs (DEFRA) (2019) unless stated otherwise and global warming potentials were in accordance with the Intergovernmental Panel on Climate Change (IPCC) 2nd Assessment Report (1995) and the 2019 Guidelines to DEFRA's GHG Conversion Factors, which are based on IPCC AR2 for Kyoto listed gases and on IPCC AR4 for non-Kyoto gases.

Attacq's electricity and water consumption is independently measured and verified by Remote Metering Solutions, an independent third-party utility management company. The total consumption figure is assured by PwC.

Attacq is currently in the process of establishing science-based reduction targets as part of the Science-Based Targets Initiative (SBTi) for their scope 1, 2 and 3 emissions for different time scales as well as developing a specific strategy to achieve this. In addition, Attacq will be setting specific targets for month-to-month performance of:

- Energy usage intensity per property type across the portfolio
- Water usage intensity per property type across the portfolio
- Waste intensity per property type per waste stream across the portfolio.

Conserving resources and improving efficiency

The key elements of Attacq's natural resources are waste, water, energy, transport and technology. Attacq is committed to managing natural resources efficiently and responsibly. The key challenges at present are the cost and security of supply for both water and electricity. While Attacq's new developments meet world-class standards of environmental efficiency, reflected in numerous certifications for 'green' buildings, managing water and electricity consumption in the older assets is more challenging.

Attacq is continuously investigating ways to become more energy efficient and budget is allocated on a case by case basis should an initiative be beneficial to the business. To better manage energy consumption Attacq makes use of smart meters throughout its portfolio and has set it as the standard for all new developments. To further improve the measurement and management of energy efficiency in properties Attacq has rolled out building management systems (BMS) in its bigger properties and is considering the business case to extend BMS's across the portfolio.

Similarly, the environmental and economic cost of waste generated in the day-to-day operation of the Attacq property portfolio is not sustainable. Therefore, it is a priority to Attacq to address their waste management. Attacq believes the cost of avoiding pollution is always lower than the total cost of cleaning up pollution. In the case of the Waterfall development Attacq is also working with the adjacent residential estates to clean up the river running through their development.

Attacq deliberately design all their new buildings for water efficiency. Measures include low flow showers, dual flush toilets. More importantly specific attention is given to the thermal load of new buildings and the HVAC system designs to reduce water consumption over the life of the properties. In addition, Attacq also developed standards for indigenous and water wise landscaping for the building sites and City to be implemented going forward. This includes the planting of indigenous, hardy species.

South Africa has been and currently is experiencing one of the most severe droughts in recorded history. The lack in rainfall has had significant implications on supply chains indirectly, in terms of building construction delays (due to lack of water), tenant occupancy and tenant affordability. Directly, the lack of water can result in significant operational disruptions to their buildings. Water shortages may result in building delays of new buildings. This may result in penalties on Attacq due to the late delivery of buildings to tenants. For existing buildings, Attacq will ensure that water is sourced from alternative sources. This could be a potentially expensive process due to transportation of water to this water deprived sites. The delivery of potable water under emergency conditions costs approximately R3 450 per 8kl. This is R430/kl

(13 times more expensive than normal). On Attacq's largest asset, the Mall of Africa for example, it will cost R1.35 million per week to keep the mall running normally if the water had to be delivered.

Attacq invests in research on an ongoing basis to monitor the water risk and gauge the appropriate response from a company level. This included a detailed water risk assessment of the entire upstream water value chain in Gauteng and the Western Cape and includes ongoing water testing and the analysis of the results.

Being part of the larger Waterfall Farm, Attacq has the unique opportunity to collaborate with neighbouring estates and landowners in the Waterfall area to pilot the use of indigenous grasses and landscaping along shared roads. The goal is to reduce irrigation water demand to a minimum.

Attacq is therefore committed to continuously improving water and energy efficiency, reducing pollution in all its forms across their portfolio as well as working towards their SBTi 2030 emission reduction strategy.

Attacq is in the process of drafting a sustainable procurement policy for internal operations. This policy will address aspects including but not limited to:

- product material sourcing
- product manufacture
- product disposal
- recycled content
- recyclability
- impact to human health.

It is easy to see how operating buildings emits greenhouse gases. Just as real but harder to see is how buying and installing building materials, products, and appliances causes emissions. Life cycle assessment considers carbon at every stage from extraction of raw materials, manufacture, transportation to site, use in construction, use in operation, demolition and ultimately recycling of a building. Attacq is investigating ways to include sustainable life cycle analysis into its planning, development and operations.

Attacq has developed a management policy to ensure the sustainability design performance and operational requirements are in place on all new and existing buildings. The aim of this policy is to ensure:

1. Economic sustainability:
Reduce cost of tenancy through:
 - Energy efficiency
 - Water efficiency
 - Waste management.
2. Operational sustainability:
 - Predict and plan consumption: measure to plan and react to changes
 - Adapt and improve operations to improve consumption
 - Retrofit existing buildings with technology that will eliminate inefficiencies
 - Improve uptime and reduce risk
 - Being able to operate during interruptions of service delivery and utility supply with:

- Back-up power for a range of realistic scenarios (not just for load shedding)
 - Continuity water plans
 - Continuity waste plans.
3. Environmental sustainability:
 - Reduce environmental impact (Carbon Footprint (tCO₂e)) in relevant areas (energy, waste, waste).
 4. Technological sustainability:
 - Smart solutions that complement sustainability initiatives and further enhance performance of operations
 - Big data capture and analytics that can be utilised to improve operational sustainability
 - Integrated and connected systems that improve operations.

Attacq management is required to embed sustainable design performance and operational requirements of new and existing buildings into their day-to-day, medium and long-term decision-making activities. The sustainable design performance and operation of new and existing buildings needs to be ensured for value creation and achievement of Attacq's sustainability objectives.

Carbon Tax

Attacq has investigated and assessed their carbon tax liability and is in the process of registering with SARS for an emitting license. Attacq has established a detailed inventory of the installed generator capacity, the rated efficiency and output thermal energy per generator in the portfolio. Due to the number of generators that Attacq own in the South African portfolio, they exceed the generating threshold (10 MW (th)) and qualify as an emitter. However, due to the carbon tax already paid on the fuel levy, the diesel and petrol emissions in the generators has been offset resulting in a zero-tax liability. Regardless Attacq is on board with the compliance obligation to accurately report to SARS.

Attacq's generators serve a critical role in the South African portfolio and currently ensure 97.4% of the retail portfolio can operate uninterrupted during load shedding which is vital to sustainable business continuity and the resilience of Attacq.

Attacq is keeping a close eye on the Carbon Tax Act and its implications to their tenants. It is expected that the cost of occupancy will increase in 2023 when the carbon tax liability Eskom faces (currently zero-tax liability) could potentially be transferred to consumers (once the current 60.0% basic tax-free allowance fall away). Attacq is working with their tenants to understand this implication on their bottom line and assist with energy efficiency strategies that will reduce their cost of occupancy.