



NEPI  
ROCKCASTLE



KING IV PRINCIPLES

# King IV principles



NEPI Rockcastle plc ('NEPI Rockcastle' or 'the Company' or 'the Group')

King IV Application Register and Dutch Corporate Governance Code in respect of the 2022 financial year

The Board governs the Group based on sound principles of ethical leadership, business, social and environmental sustainability and equitable stakeholder engagement. Through its governance process, the Board monitors compliance with the King IV Report on Corporate Governance in South Africa (King IV), Dutch Corporate Governance code, Johannesburg Stock Exchange (JSE) Listings Requirements, Euronext Amsterdam Rule Books, A2X guidelines and the Dutch Civil Code (Burgerlijk Wetboek).

## Leadership, ethics and corporate citizenship

### Leadership

#### Principle 1

#### The Board should lead ethically and effectively

NEPI Rockcastle is committed to ethical behaviour throughout its business, adopting the principles of integrity, competence, responsibility, accountability, fairness and transparency in order to offer effective leadership that achieves the Group's strategic objectives and positive outcomes over time. The Group's Corporate Governance Framework describes in detail the core principles that guide the Group and its Board. Members of the Board should individually and collectively cultivate the following characteristics and lead by example by exhibiting them in their conduct:

##### **Integrity:**

Directors must act in good faith and in the best interest of the organisation;  
Directors should avoid conflicts of interest. In cases where a conflict cannot be avoided, it should be disclosed to the Board in full at the earliest opportunity, and then proactively managed as determined by the Board while subject to legal provisions;  
Directors should act ethically beyond mere legal compliance;  
Directors should set the tone for an ethical organisational culture.

##### **Competence:**

Directors should take steps to ensure that they have sufficient working knowledge of the organisation, its industry, the funds it uses and affects as well as of the key laws, rules, codes and standards applicable to the organisation;  
Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision;  
Directors should continuously develop their competence to lead effectively.

##### **Accountability:**

Directors acknowledge their responsibilities for decisions, policies, steering mechanisms they employ in the governing of the Group;  
The Directors are willing to answer for the execution of their responsibilities towards the Group.

##### **Transparency and Confidentiality:**

Directors should be transparent in the way they exercise their governance role and responsibilities;  
Directors shall respect the confidentiality of information acquired in their capacity as members of the Board and shall not disclose any such information to third parties without proper and specific authority or unless there is a legal or professional duty to do so. Confidential information acquired as a result of professional and business relationships shall not be used to the personal advantage of the Directors or any third parties.

##### **Strategic oversight:**

Non-executive Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into account business opportunities and the Group's risk appetite.  
In carrying out this oversight role, the Board actively engages in setting the long-term strategic goals for the organisation, reviews and approves business strategies, corporate financial objectives, financial and funding plans that are consistent with the strategic goals and monitors the Group's performance in executing strategies and meeting objectives.

The Group Code of Ethics was approved by the Company's Board of Directors, and is applicable to all Directors, employees, consultants and contractors. The Code of Ethical Conduct was established to ensure that the Group operates ethically and based on commonly agreed principles.

The Corporate Governance Framework sets out the responsibilities of the Board as a whole, as well as the responsibilities of some key members, such as the Chairman of the Board, the Lead Independent Director, the CEO, the CFO, the COO. It also describes the evaluation of the performance and effectiveness of the Board and its Committees. The performance is evaluated annually, and the results are reviewed by the Nomination Committee or the Board. The performance and effectiveness of the Chairman of the Board is evaluated collectively by its members.

Directors of the company assume collective responsibility for steering and setting the direction of the Group, approving policies and planning, overseeing and monitoring of implementation and execution by management, and ensuring accountability for organisational performance. Directors are also responsible for anticipating, preventing and otherwise ameliorating the negative outcomes of the organisation's activities and outputs on the context of the economy, society and environment in which it operates, and the capitals (financial, manufactured, intellectual, human, social and relationship) that it uses and affects. Risks are taken and opportunities sought in a responsible manner and in the best interests of the company, following the Risk Management Policy and Risk Appetite approved by the Board.

Directors attend Board and Board Committee meetings and devote sufficient time and effort to prepare for those meetings. While delegating some responsibilities to its sub-Committees, the Board retains accountability and this principle is described in the Corporate Governance Framework. Directors are willing to answer for the execution of their responsibilities, even where these are delegated.

Directors adopt a stakeholder-inclusive approach in the execution of their governance roles and responsibilities, and direct the Company in a way that does not adversely affect the natural environment, society or future generations. The Board assumes collective responsibility for the following functions: direct, govern and control the Group, while providing effective corporate governance, promoting an ethical corporate culture and ensuring that the organisation is, and is seen to be, a responsible corporate citizen. Furthermore, the Board acts as a link between the stakeholders and the Group and ensures that there is a transparent and effective communication with stakeholders on both positive and negative aspects of the business.

Directors are transparent in the way they exercise their governance role and responsibilities. Based on the Dealing Code approved by the Board, NEPI Rockcastle directors, executives and employees are prohibited from dealing in NEPI Rockcastle securities during certain closed or prohibited periods, as notified by the company. Director's dealings in NEPI Rockcastle securities are timely communicated and a communication is released, using the JSE SENS service.

## Organisational ethics

### Principle 2

#### The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

It is the Board's responsibility to direct, govern and control the Group, while providing effective corporate governance and promoting an ethical corporate culture. The Board ensures that management cultivates a culture of ethical conduct through the establishment, approval and dissemination of the Code of Ethical Conduct and through the integration of ethical considerations into all Company's practices, procedures and policies. The Board delegated to management, through the CEO, the implementation of the Code of Ethics, while providing oversight over effectiveness of implementation, ensuring a sanctioning mechanism is in place for gross non-compliance and monitoring adherence of all employees.

The following general rules apply in relation to the Code:

- All employees must comply with its provisions. Any officer, director, or employee violating the Code may be subject to discipline, including demotion or dismissal.
- All employees have a duty to report all suspected violations of the Code or other potentially unethical behaviour by anyone, including officers, directors, employees, agents, customers, suppliers, contractors and subcontractors to the Risk and Compliance Officer.
- Employees in management positions are personally accountable for their own conduct and the conduct of those reporting to them.
- No employee has the authority to direct, participate in, approve, or tolerate any violation of the Code.
- Any employee who has questions about the application of the Code should consult with the Compliance Officer.

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The Code of Ethics addresses in detail the conflict of interest topic and management conducted dedicated campaigns, in order to collect all potential conflicts, address them with recommendations, raise employees' awareness of risks deriving from conflict of interest and reporting requirements. The 2022 campaign covered, besides employees, the Company's Directors and key collaborators such as outsourced Property Managers and Project Managers.

According to the Code, a conflict of interest arises whenever an employee's position or responsibilities present an opportunity for personal benefit, inconsistent with the Group's best interests. Individuals are responsible for their own ethical behaviour, and are expected to act, at all times and in all ways, in the best interest of the Company. If and when they consider a conflict of interest exists, the Risk and Compliance Officer is to be notified immediately. The Risk and Compliance Officer provides advice on how the conflict of interest can be avoided. Undisclosed, materialized conflict of interest will trigger employee consequence management process and disciplinary measures are considered by the Ethics / Disciplinary Committee constituted at Group level.

According to the Group Code of Ethical Conduct, Board members are alert to conflicts of interest and ethical conduct and are required to refrain from the following:

- engaging in personal business that may compete with the Group;
- demanding or accepting substantial gifts from the Group or from any of its employees or partners, for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
- providing unjustified advantages to third parties at the Group's expense;
- taking personal advantage of business opportunities that the Group would be entitled to;
- allowing in any other way the influence of third parties to compromise or override independent judgement;
- using confidential information related to the Group for their own personal benefit.

At each Board meeting, potential conflicts related to specific topics on the agenda need to be checked before the meeting. Any potential conflict of a Director will be declared and discussed in the Board. The Board shall decide on the measures to be implemented and the degree of further involvement of the respective Director in the matter at hand.

Any conflict of interest deemed significant by the Board during the year would be disclosed in the Annual Report. Such information considers but is not limited to related parties transactions and cross-shareholdings.

The declaration of Interests policy, ensures a unitary and standardized reporting of all interests for the Directors and their related parties.

Besides conflict of interest, the Code of Ethics has strong provisions on the following areas:

Equal employment and non-discrimination  
Environmental compliance  
Health, safety and labour conditions  
Narcotics and alcohol  
Gifts, entertainment and corruption practices  
Lobbying and political involvement  
Fraud  
Antitrust & competition policy  
Sponsorships and donations  
Communications and Records, Claims, Statements and Certifications  
Confidentiality principles  
Preserving privacy

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More specifically, strong provisions have been detailed for the following areas:

- bribery and corruption: such behaviour is illegal in all jurisdictions and rejected by the Group, whether performed in the name of the business or in personal name of an employee;
- gifts and events: it sets the value of gifts that may be offered or received as well as conditions for participation to various events organised by tenants or suppliers;
- acceptable behaviour towards public officials, i.e. under no circumstance any gifts, facilitation payments or amounts of money will be offered;
- acceptable behaviour in terms of other ethics and compliance requirements, i.e. health & safety, use of drugs and alcohol, antitrust policy, creating a non-discrimination and inclusion environment for all employees;
- the Group's approach towards lobbying and political involvement.

Periodical awareness campaigns are organized by Risk and Compliance Department, in order to remind these policies, train employees and enforce the Code of Ethics provisions.

The Group does not support any political parties (no payments, donations or any other in-kind benefits are offered) and does not get involved in political issues of the countries it operates in. The Group does not engage in political lobbying activities and is not part of any professional organization established for lobbying purposes. The Group recognizes the right of any individual employee for their own political views however asks of its employees not to voice those in connection or as a representative of NEPI Rockcastle.

The Company has an open-door policy and supports the “speak-up” culture, thus employees are encouraged to share their concerns, suggestions or complaints with their supervisor. In order to promote full transparency as well as a means to report concerns, the Company implemented a Whistleblowing Policy, which provides also reporting channels, while guaranteeing non-retaliation against the whistle-blower.

The reporting channels available to both employees and any external party are the following:

- On-line portal available in the Group's website;
- 24/7 hotline reachable from all countries relevant to the Group, operated independently by a service provider.

The Company encourages potential whistle-blowers to disclose their identity through enforcing its non-retaliation policy and guaranteeing confidentiality. The Company encourages potential whistle-blowers to disclose their identity through enforcing its non-retaliation policy and guaranteeing confidentiality to the extent reasonably possible, however complaints made anonymously are treated and analysed with the same diligence.

The Whistleblowing policy and reporting channels are communicated proactively to all employees by management on an annual basis and are available also on the Group's website.

The summary of all tip offs received, including types of misconduct, procedures performed and conclusions, is traced and reported periodically to the Audit Committee. Tip offs are investigated following a plausibility check by Internal Audit, while the reports together with conclusions and recommendations are reported to and discussed in the Audit Committee.

Employees may consult on any ethical issues, report potential conflict of interest and request advice from the Compliance Officer and a general e-mail address is available for use by all employees.

All Group guidelines, policies and procedures are available to its employees in a shared location, therefore making sure expectations are known and properly communicated, regardless of borders and geographical spread.

The Board appointed the Sustainability Committee to oversee and report on the Group's organisational ethics arrangements.

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## Responsible corporate citizenship

### Principle 3

#### The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The oversight and monitoring of the Group's corporate citizenship is performed against measures and targets agreed with management in relation to the workplace, the economy, society and the environment. The Board assumes overall responsibility for sustainability by approving the sustainability strategy, therefore the overall direction to ensure that the Group is a responsible citizen.

The Board appointed the Sustainability Committee to oversee and report on the Group's organisational ethics, responsible corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, taking into consideration the impact of the Company's activities and of its products or services), sustainable development and stakeholder relationships.

The Committee monitors and reviews the Company's standing and promotion of good corporate citizenship, which includes ensuring that:

- stakeholder interaction is constructive and in support of business objectives;
- employee health and workplace safety are pro-actively managed to achieve workforce well-being;
- the impacts of the Company's operations on the environment are managed to minimise and mitigate negative outcomes;
- human capital is managed to improve people's ability to achieve their objectives;
- business operations comply with relevant laws and regulations; and
- principles of corporate governance are adhered to.

The Group defined its sustainability strategy which was endorsed by the Sustainability Committee and approved by the Board. The Group refined its materiality assessment during the year and revised its sustainability strategy.

The Group has set up a dedicated Sustainability Department led by an experienced Group Sustainability Officer.

The Group defined and implemented sustainability related KPIs and embedded them in the performance management process for Executive Directors and cascaded to the immediate management levels.

NEPI Rockcastle is highly committed to drive a sustainable business and to be a responsible citizen, and this commitment is endorsed by its Board of Directors. The Company is engaged and liaising with various international organizations in the ESG (Environmental, Social and Governance) sector, in order to continuously adapt its approach and implement best practices in this area. Seeking to be in line with international standards, the Group has permanently enhanced its ESG approach and disclosure policy, as part of the integrated Annual Report. NEPI Rockcastle adhered to top ESG standards and practices, providing reporting or operational guidelines.

The Group is an integral part of the community in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally mandatory, but it is also an important component of the Group's commitment to the community and developing its good reputation. NEPI Rockcastle therefore is dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

As part of its continuous improvement process and contribution to a better environment, the Group further aligned its strategy with the United Nations Sustainable Development Goals.

The Group's Integrated Annual Report presents in detail the Group's sustainability report, including its strategy, approach and achievements during 2022. The report is compiled in line with best practice standards such as GRI comprehensive report and EPRA Sustainable Performance Measures.

## Strategy, performance and reporting

### Strategy and performance

<b>Principle 4</b>	<b>The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process</b>
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Responsibility for monitoring Group performance rests with the Board of Directors, who steers and sets the direction of the Group for the realisation of its core purpose and values through its strategy.

The formulation and development of the Group's short, medium and long-term strategy, including policies and operational plans to give effect to this strategy, has been delegated to management, while approval needs to be given by the Board of Directors.

Actual implementation and execution of approved policies and operational plans has also been delegated to management, with ongoing oversight against agreed performance measures and targets.

Annually the Board sets out the strategic path for the company both for the year ahead and for the medium to long-term, which is aligned with the purpose of the Group, the value drivers of its business and the expectations of the stakeholders. Management reports on a quarterly basis at minimum to the Board on operational performance, at which point the Board also assumes the opportunity to consider and assess the strategic direction of the company.

As part of its oversight of performance, the governing body monitors the general viability of the organisation with regard to its reliance and effects on the capitals, its solvency and liquidity, and its status as a going concern. All these are regular topics on the Board's and some of the Committees' agenda.

### Reporting

<b>Principle 5</b>	<b>The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects</b>
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The Board of Directors approves management's determination of the Group's reporting frameworks and reporting standards to be used, taking into account legal requirements and the intended audience and purpose of each report. In particular, the Board oversees that the annual financial statements, annual report which includes besides financial and operational data the sustainability report, risk report, corporate governance report, remuneration report, comply with all legal and stock exchange requirements and meet the legitimate and reasonable information needs of stakeholders.

The Board, through the Audit Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the annual reports and all disclosures. The Group complies with all required disclosures and to ensure this, has compiled and monitors a disclosures checklist, in accordance with King IV requirements, as well as selected provisions from the Dutch and UK governance codes.

With respect to the financial reporting processes the Audit Committee:

- evaluates the Annual Report of the Group for reasonability, completeness, consistency and accuracy prior to issue and approval by the Board;
- evaluates significant management decisions affecting the financial statements, including changes in accounting policy, resolutions requiring a major element of judgement, and the clarity and completeness of proposed financial and sustainability disclosures;
- in consultation with the external auditors and the internal auditors, reviews the integrity of the Group's internal and external financial reporting processes;
- considers the external auditor's opinion about the quality and appropriateness of the Company's accounting policies as applied in its financial reporting,
- pays particular attention to complex and/or unusual transactions,
- recommend to the Board whether it should issue a going concern statement or not, based on the assessment provided by the CFO.

NEPI Rockcastle communicates with shareholders and financing partners principally through investor presentations, investor property tours, its website, the Annual Report and SENS announcements. The Annual General Meeting and any other general meetings give the directors the opportunity to inform shareholders about current, and proposed, operations and enables them to express their views on business activities.

The Board oversees that the Group issues annually an Integrated Report, reviews and approves such report. The Board ensures the integrity of the annual report also based on independent review from the JSE sponsor and the review from the external auditors. The report is published on the corporate website and is accessible to any stakeholder.

## Governing structures and delegation

### Primary role and responsibilities of the Board

#### Principle 6

#### The Board should serve as the focal point and custodian of corporate governance in the organization

NEPI Rockcastle's approach to corporate governance is based on the values and principles underpinning its activities, including Integrity, Competency, Accountability, Transparency, Confidentiality.

The Group developed a detailed Corporate Governance Framework, revised in 2020 and approved by the Board. The framework covers the following 6 pillars: Board and Committees, Group Governance, Management mandate, Compliance and Ethics, Risk Management, Internal Audit.

The Board of Directors exercises its leadership role by:

- approving policy and planning that gives effect to the direction provided;
- overseeing and monitoring implementation and execution by management; and
- ensuring accountability for organisational performance by means of, amongst others, reporting and disclosure.

The roles, responsibilities, membership requirements and procedural conduct including the governance responsibilities of the Board of Directors and its Committees are documented in the Corporate Governance Framework and Committees Charter, which are regularly reviewed, but at least annually, in order to guide effective functioning and be up to date and aligned with industry and market best practices.



In line with King IV's "apply and explain" approach, the extent to which NEPI Rockcastle applies these principles to create sustainable value for stakeholders over the short, medium and long-term is disclosed transparently and in sufficient detail. The Board believes the Group has established an effective framework and processes to comply with laws, codes, rules and standards.

In the event that the Board or any of its Committees need to obtain independent, external professional advice or other types of professional services at the cost of the Group, on matters within the scope of their duties, the following principles will apply, as they have been established in the Corporate Governance Framework document, approved by the Board:

- the procurement process will be transparent, objective and traceable;
- the provider will be selected to achieve the best value for money;
- the evaluation process may be driven by any of the Directors or the Company Secretary;
- the Board Secretary is responsible for storing the documentation relevant for the selection process as well as the deliverables or other evidence of service performance as applicable;
- the contract will be signed based on Group procurement guidelines.

NEPI Rockcastle's governance framework and corporate governance practices are disclosed in the Corporate Governance section included in the Annual Report. The number of Board and Committees meetings as well as attendance records are included in the Annual Report, together with an assessment of accountability by the Board, where the Board reviews whether the whole Body is satisfied that it has fulfilled its responsibilities during the year according to the governance framework.

The Board and its Committees considered their activity during 2022 and confirmed through the Annual Report that they are satisfied they have fulfilled their responsibilities in accordance with their charters and the corporate governance framework.

## Composition of the Board

### 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**

*Also applicable: JSE3.84(e): Categorisation of directors. JSE3.84(a): Balance of power and authority on the Board. JSE3.84(b): Appointment of CEO and Chairman. JSE3.84(i) and (j): Policy on the promotion of gender diversity on the Board. JSE3.84 (d): CV of each director standing for election or re- election*

In determining the composition of the Board, the Nomination Committee considers the appropriate combination of executive, non-executive, independent non-executive directors, whilst achieving regulatory and diversity requirements.

#### Composition of the Board

The majority of the directors are non-executive directors, and the majority of the non-Executive Directors are independent. The roles of the Chairman, Lead Independent Director and of the Chief Executive Officer are clearly separated to ensure a balance of power and prevent any director from exercising unfettered powers of decision-making. Furthermore, a clear division of responsibilities at Board level ensures a balance of power and authority, so that no individual can take unilateral decisions. The role of the Chairman of the Board, the Lead Independent Director, the CEO, the CFO, the COO are clearly defined and disclosed in the Annual Report.

The Board comprises a mix of non-Executive and Executive Directors. In order to ensure that the Directors' varied backgrounds and experience provide NEPI Rockcastle with an appropriate combination of knowledge and expertise that is necessary to manage the business effectively, the Board approved a Board Profile Paper. This describes in detail the competences, expertise, and backgrounds expected from Board members individually, the Committees and the Board collectively. It also sets out principles for diversity, independence and representation of Executive versus non-Executive Directors.

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The directors' varied backgrounds, experience and countries of residence provide NEPI Rockcastle with an appropriate mix of knowledge and expertise that is necessary to manage the business effectively.

The Group supports the principles of diversity at both Board level and on Group-wide basis and a Diversity Policy has been formalized and approved by the Board.

Figures related to Board's diverse background, nationalities, experience are disclosed in the Annual Report, together with a short curriculum vitae of the non-Executive Directors, their age, their current appointments in other listed companies, their initial appointment and term of office.

## **Appointment of directors**

In accordance with the Articles of Association, Directors are appointed, suspended or removed by the shareholders. Appointment is made based on the Board's binding nomination, which can be deprived of its binding character by shareholder decision. The Board can suspend Executive Directors, while the suspension can be lifted by the shareholders. To facilitate the Board's regular refreshing, the Group has a retiring-by-rotation policy, which means that each year, at least one third of Directors retire by rotation and may stand for re-appointment by the shareholders. Therefore within a three-year period, all Directors retire at least once. The Board appointments are conducted in a formal and transparent manner following recommendations made by the Nomination Committee to the Board.

Candidates' profiles are carefully analysed and the Board considers whether they have the necessary background, experience, competencies, independence and diversity, as set out in the Board Profile Paper and in the Group Diversity Policy. High-profile and experienced recruitment agencies may be used to identify and assess new Director candidates, based on the decision of the Nomination Committee. The candidates' background and references are analysed, and multiple information sources are used for the assessment. The independence of every newly proposed Director is assessed by the Nomination Committee and presented to the Board, as well as reassessed annually, based on clear criteria defined in the Corporate Governance Framework formalised and approved by the Board.

## **Nomination, election and appointment of directors**

The Nomination Committee assists the Board in identifying qualified individuals to become Board members and recommends on the composition of the Board. The Nomination Committee is established to:

- identify suitable Board candidates in order to fill vacancies;
- ensure there is a succession plan in place for key management Board members;
- assess the independence of Non-Executive Directors, and
- assess the composition of the Board sub-committees.

## **Independence and conflicts**

Directors are alert to conflicts of interest and unethical conduct and are required to refrain from the following:

- engaging in personal business that may compete with the Group;
  - demanding or accepting substantial gifts from the Group or from any of its employees or partners, for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
  - providing unjustified advantages to third parties at the Group's expense;
  - taking personal advantage of business opportunities that the Group would be entitled to;
  - allowing in any other way the influence of third parties to compromise or override independent judgement;
  - using confidential information related to the Group for their own personal benefit.
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At each Board meeting, potential conflicts related to specific topics on the agenda are checked before the meeting. Any potential conflict of a Director is declared and discussed in the Board. The Board decides on the measures to be implemented and the degree of further involvement of the respective Director in the matter at hand.

Any conflict of interest deemed significant by the Board during the year would be disclosed in the Annual Report. Such information considers but is not limited to related party transactions and cross-shareholdings.

The independence of each newly proposed Director will be assessed formally by the Nomination Committee and presented to the Board when the Director is proposed to be appointed, as well as reassessed annually, based on clear criteria defined in the Corporate Governance Framework and aligned with King IV.

A board member is not independent if they or their spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree:

1. has been an employee or executive director of NEPI Rockcastle (including associated companies), in the five years prior to the appointment or has temporarily performed management duties during the previous twelve months in the absence or incapacity of any executive director;
2. receives personal financial compensation from NEPI Rockcastle or a company associated with it (including by participating in the Group's share incentive scheme), contingent on Group performance and in so far as this is not in the normal course of the business, other than the fix compensation received for the work performed as a board member;
3. has had an important business relationship with the NEPI Rockcastle or a company associated with it in the year prior to the appointment. This includes in any event the case where the board member, or the firm of which he is a shareholder, partner, associate or adviser, has acted as adviser to NEPI Rockcastle (consultant, civil notary or lawyer) and the case where the board member is a management board member or an employee of a bank with which NEPI Rockcastle has a lasting and significant relationship;
4. is a member of the management board of a company in which an executive director of NEPI Rockcastle is a supervisory board member;
5. has a shareholding in NEPI Rockcastle or has provided financing, material to his wealth, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement;
6. is an employee, member of the management board (or executive director) or board of directors (or supervisory board) – or is a representative in some other way – of a legal entity that is a significant funding provider (equity or debt), unless the entity is a NEPI Rockcastle group company;
7. has been an external auditor of the Group or a key member of the external audit engagement team during the preceding 3 (three) financial years.

A non-Executive member of the Board may continue to serve in an independent capacity for longer than 8 (eight) years if, upon an assessment conducted annually by the Board, after the eight year, it is concluded that the member exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making. In any case, such reappointment should not exceed 12 (twelve) years.

The Chairman of the Board is an independent non-Executive Director. All members of the Audit Committee, including its Chairman, are independent non-Executive Directors.

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When determining the most appropriate number of members and the mix / composition, the following are considered by the Board / Nomination Committee for each of the members individually and for the Board as a whole:

- The mix of knowledge, skills, experience and business acumen;
- The mix of executive vs non-executive and independent vs non-independent members;
- The need for a sufficient number of members that qualify to serve on the committees;
- The need to secure a quorum at meetings;
- Regulatory requirements;
- Diversity considerations.

The Board considers that its composition and the composition of its committees is adequate and that the varied members' qualifications, experience and expertise, age, period of service, other directorships and positions held, are satisfactory to comply with the Corporate Governance Framework and Board Profile Paper.

A Board succession process is in place to ensure that a framework exists for an effective and orderly succession of Directors that will result in the knowledge, skills and experience necessary for the Board to effectively govern the Group. The objectives of the succession planning process include:

- to identify the required knowledge, skills and experience at a full Board level to effectively fulfil the Board's legal role and responsibilities;
- to ensure an appropriate balance across the Board exists; including, ensuring sufficient diversity among Directors;
- to identify the best qualified individuals for recommendation at the annual AGM;
- to achieve continuity through a smooth succession of Directors (including Board and committee leadership) that balances perspective and independence with experience and historical knowledge;
- to satisfy best practice within the legal and regulatory framework within which the Group operates; in particular, the satisfaction of JSE Limited and Euronext Listing requirements and applicable statutory obligations which exists in the various legal environments in which the Group operates.

The Nomination Committee provides leadership over Board succession planning and has implemented such processes and procedures as required to fulfil the committee objectives.

Directors are required to take the necessary steps to ensure that they have sufficient working knowledge of the company, its industry, the context of the economy, society and environment in which it operates, the capitals (financial, manufactured, intellectual, human, social and relationship) it uses and affects as well as of the key laws, rules, codes, and standards applicable to the Group.

## Committees of the Board

### 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**

*Also applicable: JSE3.84(c): Audit Committee, Remuneration Committee and Social and Ethics Committee. JSE3.84(g): Expertise and experience of the financial director.*

The Board approved a Charter for each sub-Committee, setting up the mandate, roles and responsibilities, authority and reporting guidelines, as well as minimum requirements for meetings frequency. The framework for delegating within the structures of the Board, while retaining accountability at overall Board level has been included in the overall Corporate Governance Framework, approved by the Board.

Without abdicating accountability, the Board delegates certain functions to well-structured committees, comprised of part of its Directors. The following requirements are considered in setting up Board Committees:

- an independent non-executive Director is required to be the Chairman of the Audit and the Remuneration Committees;
- the Nomination Committee should only consist of non-executive Directors, and the majority should be independent;
- the Remuneration Committee should consist of non-executive Directors, of whom the majority should be independent,
- Directors who are not members of a Committee, may attend meetings and participate in their proceedings to gain information, but are not entitled to vote;
- the CEO should not be a member of the Remuneration, Audit or Nomination committees, but may attend by invitation any meeting, if needed to contribute pertinent insights and information.

The Board considers the allocation of roles and associated responsibilities and the composition of membership across committees holistically, so as to achieve the following:

- Effective collaboration through cross-membership between committees, where required, coordinated timing of meetings and avoidance of duplication or fragmented functioning in so far as possible;
- Where more than one committee has jurisdiction to deal with a similar matter, the specific role and positioning of each committee in relation to such matter are defined to ensure complementary rather than competing approaches;
- A balanced distribution of power in respect of membership across committees, so that no individual has the ability to dominate decision-making, and no undue reliance is placed on a single individual.
- Delegation to an individual member of certain matters, if the case and not covered by delegation to any of the sub-Committees, will be recorded in writing and approved by the Board. The record will set out the nature and extent of the responsibilities delegated, decision-making authority, the duration of the delegation, and the delegates' reporting responsibilities.

Taking into account its role and responsibilities, the Board considers that the following Committees are necessary to properly discharge some of its duties:

Audit Committee  
Investment Committee  
Remuneration Committee  
Risk and Compliance Committee  
Nomination Committee  
Sustainability Committee

Members of the executive and senior management, including the Executive Directors, are invited to attend committee meetings either by standing invitation or on an ad hoc basis, to provide pertinent information and insights in their areas of responsibility. Other non-Executive members of the Board, including the Chairman, may attend Committees' meetings. The invitees do not have voting rights and may attend the meetings based on the invitation of the respective Committee Chair.

Board and Committees participation rate, as well as a description how the Committees discharged of their duties during 2022 are disclosed in the Annual Report. Committees responsibilities, required meetings frequency, mandate and access, are disclosed in detail in the Annual Report.

## Evaluations of the performance of the Board

### 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**

The performance of the Board, its Committees and individual Directors is evaluated and the results are reviewed by the Nomination Committee or the Board. The performance of the Executive Directors is evaluated on an annual basis. The evaluation process is overseen by the Chairman of the Board. The process may be run internally or with support and facilitation from external advisers, as the Board may decide. The performance and effectiveness of the Chairman of the Board is evaluated collectively by its members.

Details of the Board, Committees and Executive Directors evaluation process and results are disclosed in the Annual Report.



## Appointment and delegation of management

<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>
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Responsibility for the day-to-day operational management of the Group is delegated to Management. An Operational Mandate approved by the Board is in place, in order to ensure that the appointment of, and delegation to management contribute to role clarity and effective exercise of authority and responsibility. The Operational Mandate describes the roles and responsibilities delegated to management, in areas relevant to the Group, such as: investments and acquisitions up to a certain threshold, leasing / media sales, supplier contracts and payments authorization, finance, legal, human resources, staffing, information technology, ethics and compliance, interaction with authorities, legal, representation in front of third parties. The mandate is further drilled down in the organization based on delegation from the CEO, COO and CFO to senior and middle management.

## Governance functional areas

### Risk governance

<b>Principle 11</b>	<b>The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</b>
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The company treats risk as integral to the way it makes decisions and executes its duties. The Group's risk governance encompasses both the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on the achievement of its organisational objectives. While the Board exercises ongoing oversight of risk management, the Group's risk governance function is delegated to the Risk and Compliance Committee, with the responsibility for implementing and executing effective risk management delegated to management.

The Board is ultimately responsible for the strategic direction of the Group, and risk management is linked to the corporate strategy. The Board assumes overall responsibility for governance of risk management. The Board monitors and reviews all significant aspects related to the appropriate management of risks and opportunities and has approved, besides the Risk Management Policy, also the Risk Appetite, which defines the amount of risk the Group is willing to take in executing its strategy.

The Risk and Compliance Committee must ensure that the risk management plan is appropriate and widely disseminated throughout the Group, is integrated into its day-to-day activities and that risk identification and assessment is performed on a continuous basis.

Management is responsible for encouraging a risk-conscious business environment and embedding risk management activities within all processes, by integrating the needed mindset, appropriate internal controls and mitigating actions across all its processes, jurisdictions and operations. The Risk and Compliance Officer nominated at Group level is responsible to implement the risk framework across the organisation and to provide the adequate mechanisms for risk evaluation, collection, correlation at Group level.

The risk management process is designed to identify, measure, prioritise, respond to and monitor the impact of both internal and external risks.

Identified risks are evaluated in terms of potential impact and likelihood of occurrence based on a precise methodology approved by the Risk and Compliance Committee. The monitored risks are categorized within the following major categories: Strategy, Financial, Operations, Legal, Regulatory and Compliance.

The Group understands and proactively manages risks and opportunities being mindful of the Risk Appetite Statement approved by the Board, in order to optimise business returns. As part of its risk management activities, the Risk and Compliance Committee assesses the residual risk for each of the Group's principal risk categories. Residual risk is determined based on the risk-mitigation plans implemented by management. If residual risk is not at an acceptable level according to the organization's Risk Appetite, the Risk and Compliance Committee may escalate the issue to the Board. The Board will instruct management to implement additional measures and will approve, if the case, resource reallocation in order to properly mitigate risks.

Key risk areas in 2022 and mitigating actions taken by the Group are disclosed in the Integrated Annual Report, Risk Management section.

## Technology and information governance

### Principle 12

#### **The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives**

The Board is responsible for the governance of and ongoing oversight of technology and information. The Board oversees the internal controls, including on information and technology, and confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage.

The Board oversees the IT processes in relation to compliance with relevant laws and risk related to the outsourced IT services, providing for business resilience, continuity and disaster recovery.

Part of the IT processes are outsourced to third-party service providers and are governed by service level agreements. Compliance with the service level agreement is monitored by management and the terms are reviewed on a regular basis.

Through regular reports provided by management, the Board ensures that the Group's IT systems are integrated with the overall business strategy and processes and that the use of information technology results in:

- integration of processes, people, technology information is seamless across the Group;
- the information technology hard and soft infrastructure enables achieving the Group's strategy;
- proper arrangements are in place for business continuity and disaster recovery;
- proper security measures have been implemented to ensure confidential data is safely safeguarded and easily accessible while complying with the relevant cybersecurity, data protection or other applicable laws and regulations;
- monitor the investments in information technology to enable the above;
- responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security.

Close oversight has been delegated by the Board to the Audit Committee. The Group also defined an IT Governance Policy, approved by the Board, that defines the Board's commitment for steering the information technology processes in the Group, as well as set the direction of approaching information and technology

## Compliance governance

### Principle 13

**The Board should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen**

The Group implemented a General Compliance Policy aiming to guide compliance by: (i) setting a clear compliance framework, (ii) promoting consistent, rigorous and comprehensive practices throughout the Group, (iii) stimulating a culture of compliance, including ethics and integrity.

The Compliance Function covers the following responsibilities for the entire Group:

- Advisory: counsels all management levels and personnel on compliance with laws, rules and standards, including keeping them informed on legislative developments and emerging exposure;
- Guidance and education: assists senior management in educating staff on compliance issues and acts as a contact point for compliance queries;
- Identification, measurement and assessment of compliance risks: identifies, documents and evaluates the compliance risks associated with the business activities, including the development of new business practices and new partnerships;
- Monitoring, testing and reporting: periodically assesses compliance of processes and practices and monitors risks associated to various jurisdictions and emerging legislation.

The Board appointed a dedicated Group Risk & Compliance Officer and further strengthened the compliance management system structured around three pillars: (1) build awareness and enable prevention, (2) deploy sufficient detection and investigation mechanisms, and (3) implement appropriate response, mitigation and consequence management actions.

The Group Risk & Compliance Officer has the following responsibilities:

- assist the Board of Directors, Risk and Compliance Committee and management in fulfilling their respective risk and compliance oversight responsibilities;
- set ongoing enterprise risk and compliance management practices suitable for the Group's needs;
- build and maintain relationships with those responsible for managing risks throughout the Group;
- oversee enterprise risk management ownership within the respective lines of accountability;
- review the operation of enterprise risk management in each operating unit;
- report on incidents and severe risks to the CEO and Risk and Compliance Committee;
- develop the format, rules and principles governing the use of the risk and compliance management tools used within the Group (e.g. Risk Register, Conflict of Interests Register, Whistleblowing channels etc.);
- propose, based on the relevant input from management, changes to the Group's Risk Appetite;
- develop and periodically review compliance and risk management framework, methodology and operational processes at Group level, seeking to prevent Group exposure to risks;
- set the annual Compliance Program and report periodically to the Risk and Compliance Committee, on the risk and compliance management status;
- advise regarding the impact of legal and regulatory changes, as well the best practices and legislative trends, on Group activities and coordinate needed alignment;
- ensure deployment of training and awareness programs for Group's personnel, on a risk-based approach, aiming to develop the risks culture;
- run periodical compliance checks seeking to ensure that the implemented processes are aligned to internal and legal framework, as well that the appropriate controls are in place in order to prevent compliance risk to materialize;
- raise the issue of insufficiency or lack of appropriate resources required to properly manage risk and compliance, considering the risk appetite and the results of the periodical risk assessment exercises and/or audits.

NEPI Rockcastle implemented privacy policies and procedures across the Group, based on a zero tolerance to major information loss or leakage, and these are deployed and monitored by an experienced Data Protection Officer. The Group's approach to privacy includes:

- embedding privacy-by-design principle in core processes;
- embedding data privacy stipulations in supplier and customer contracts;
- providing clear and relevant information to all data subjects regarding their rights and the coordination of processing;
- making sure that data is processed only for the purpose it has been collected;
- following the data minimisation principle as well as the applicable data retention periods;
- properly protecting personal data from loss or unauthorised access.

No significant data breach resulting in significant leakage, loss or unavailability of personal data occurred in 2022.

The Group's policies and procedures are available to all employees in a shared location. Training and awareness programmes were organised on various compliance-related topics as well as new procedures covering business processes during 2022.

Operational compliance is monitored for all companies in the Group and all jurisdictions and reported to the Risk and Compliance Committee on a quarterly basis. The Group would disclose in the Annual Report if it were to incur material or repeated regulatory penalties, sanctions or fines for breaches of, or non-compliance with, statutory obligations. As at the date of this report, there were no material regulatory penalties, sanctions or fines for breach or non-compliance with statutory obligations imposed on the Group companies or any of its directors or officers. The key compliance risks the Group is facing and the mitigating measures and controls implemented are included in the Risk Management – Key Risk Areas section of this Report.

## Remuneration governance

### Principle 14

**The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term**

*Also applicable: JSE LR 3.84(k): The remuneration policy and the remuneration implementation report*

NEPI Rockcastle's aim is to offer competitive packages for Executive Directors, with an optimal balance of fixed and variable components, aiming to ensure long- term engagement and retention of the management team.

Directors' remuneration is periodically reviewed and changes are determined based on the above elements. Any significant changes in the remuneration policy is subject to the review of the Remuneration Committee. The Remuneration Policy was further resolved by the shareholders upon migration of the NEPI Rockcastle office to Netherlands.

The remuneration of the members of the Board of Directors is reviewed and approved on an annual basis by the Remuneration Committee. Fees payable to Non-Executive and Executive Directors are benchmarked against market norms and are reviewed and approved by the Remuneration Committee.

The Remuneration Committee oversees the determination of the performance compensations package for the Executive Directors as well as approves the principles to be applied and overall compensation for the rest of staff categories.

The Directors remuneration and remuneration approach during the year is disclosed in the Integrated Annual Report which includes the Remuneration Policy and the Implementation Report.

## Assurance

### 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 of the organisation's external reports**

The Board has delegated to the Audit Committee the responsibility for overseeing that arrangements for assurance services and functions are effective in:

- enabling an effective internal control environment,
- supporting the integrity of information used for internal decision-making by management, the Board and its committee,
- supporting the integrity of external reports,

In accordance with best practice and the principle of direct, independent communication between the Audit Committee and the external auditor, the Audit Committee was provided with an independent report including significant auditing matters and auditor's observations relating to the internal control environment of the Group, and management's response. The Audit Committee reviewed the report and discussed directly with the external auditors the findings, and both have confirmed that all matters have been satisfactorily addressed by management. The external auditors held private meetings with the Audit Committee, without any member of the management team present and had unrestricted access to communicate privately to the Audit Committee any issue they may consider.

The external auditors confirmed their independence to the Audit Committee.

The Group has an insourced Internal Audit function. The activity of Internal Audit, its mandate, responsibilities and access are regulated through the Internal Audit Charter, approved by the Audit Committee. In alignment with its Charter, Internal Audit reports functionally to the Audit Committee.

Internal Audit carries out independent risk-based audits, under the guidance of the Audit Committee.

The Audit Committee therefore:

- defines the mandate of Internal Audit through the Audit Charter;
- reviews the effectiveness of the Internal Audit function, and its capacity to carry out the annual audit plan;
- reviews the activities and organisational structure of the Internal Audit function and ensures no unjustified restrictions or limitations exist;
- provides independence of the Internal Audit function, through the reporting line;
- ensures Internal Audit activities comply with the relevant rules and regulations;
- reviews and approves the results of risk assessment and the Annual Audit Plan;
- reviews and approves the Internal Audit reports and evaluate the adequacy of management's action plans to address risks and control deficiencies;
- monitors the status of implementation of management action plans;
- may escalate to the Board of Directors the significant audit findings and control deficiencies which require the Board's attention and prioritisation.

Internal Audit remains independent of all line and functional management and answers to the Board of Directors through the Audit Committee, having unlimited access to the Audit Committee and its Chair.

Internal Audit is responsible to implement the Annual Audit Plan, approved by the Audit Committee and perform ad-hoc engagements, based on the request of the Audit Committee or on the red flags identified.



## Stakeholder relationships

### Stakeholders

#### 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 organisation over time**

The Board exercises ongoing oversight of stakeholder relationship management, while responsibility for implementation and execution of effective stakeholder relationship management has been delegated by the Board to the Management. The Company's main stakeholders are considered to be its shareholders, bondholders, employees, tenants, suppliers, banks, analysts, authorities, communities.

Management engaged actively during 2022 in communication with the major stakeholders of the Group. All major stakeholder categories are identified proactively by the Group. These are also included in the Integrated Report of 2022, Sustainability Performance section, together with a list with the key interactions between the Company and such stakeholders throughout the year.

NEPI Rockcastle has a transparent information communication policy, enabling stakeholders to assess the Group's economic value and prospects. The Company encourages proactive engagement with shareholders, including during the Company's semi-annual results presentations and annual general meetings, where Directors are available to respond to shareholders' inquiries on how the Board has executed its governance duties.

The Executive Directors have regular discussions on operational trends and financial performance with stakeholders, where they believe this to be in the Group's best interests. However, no information is shared preferentially to some stakeholders, while not being available to all generally. Detailed feedback from these interactions is discussed at Board level.

The Group's website is the principal means of communicating with existing stakeholders and informing new or potential investors about the Group. The website contains the regulatory announcements and an archive of all published results and reports, press releases, factual details about the Group's assets and contact information for the operational teams within the Group.

