2021

ESG Report

CALGRO M3 Group

Building legacies. Changing lives

INTRODUCTORY LETTER TO SHAREHOLDERS, STAKEHOLDERS AND READERS

Calgro M3 is focused on meeting environmental, social, governance and financial targets to ensure a sustainable impact.

This is our second year of producing an ESG Report, switching last year from the Sustainability Report produced in previous years to this format in acknowledgement of an expanded focus. Please note that the Corporate Governance Report remains part of the Integrated Annual Report, but that this report should be read in conjunction with it.

As detailed in our Integrated Annual Report for 2021, this year our theme is *#sustainableactions*, where, in the decisions and actions we take, we ensure that these are done in order to ensure our ongoing sustainability. Our market segments present huge opportunities for Calgro M3 and we must ensure that we reap the benefits of these glaring gaps in the market – particularly so in the South African housing market, where the backlog remains at a shocking 5.6 million units – all the while supporting our vision of Building legacies, Changing lives.

From a financial sustainability perspective, Calgro M3 strives to be in a position where it can trade effectively to ensure shareholder returns. Therefore, given the structural change in the marketplace as a result of Covid-19, Calgro M3 undertook a number of actions during the year, including divesting from the rental property portfolio; sold non-core developments and used funds to install infrastructure at developments as well as pay down debt; renegotiated debt repayments so as not to burden the company; bought back and will continue to buy back shares if the share price is undervalued; and concluded construction closure and cost cutting.

However, Covid-19 has also served as a stark reminder that we need to make every effort to balance our approach to making profit with the way we treat our people and our planet, with a clear focus on transparency. This is nothing new for Calgro M3, where we have been living our values, entrenching our ethics and deepening our commitment to good governance in a sustained manner since the Group was founded.

Our people are one of our most valuable assets, and this report outlines the various initiatives that are in place to ensure that our employees are presented with opportunities for growth. Clearly though, Covid-19 has continued to be a priority during the past year with respect to employee health and safety. What also became apparent was the necessity to balance the needs and expectations of the Group with those of our employees. The details of the actions undertaken in this respect are provided in this report as well as in our Integrated Annual Report.

Beyond that, it is pleasing that the Group maintained a zero fatality rate on all projects for the year. We also achieved Health, Safety and Environmental ("HSE") Management System ISO 14001:2015 and ISO 45001:2018 certification.

Also included in this report is our approach to stakeholder engagement, along with the way in which we approach preferential procurement, employment equity, environmental impacts and our responsibility towards our communities. We have always believed that by providing homes and life-affirming environments, with access to amenities such as crèches, schools, day care centres, access to transportation routes, green belts, parks and recreation areas, we improve the lives of those living in our developments, and so fulfil our mandate of being a responsible and caring corporate.

This approach was reinforced by the Memorial Parks business during the past year too, where every funeral held on our premises has been strictly handled according to Covid-19 protocols. During this time, our employees were exemplary as they always are, offering first rate service to the bereaved, and conducting themselves in a manner befitting the often traumatising circumstances of an unexpected death. We also lowered rates for entry level burials by 25% in November 2020 at the Nasrec Memorial Park, understanding that South Africans are under significant economic pressure because of the pandemic.

In closing, to reiterate our statement of last year: we conscientiously observe our mantra of "***Building legacies, Changing lives***" and are confident that if we continue with this philosophy, we will support sustainable products and ultimately, a sustainable company. This commitment will not change, no matter the challenges or obstacles we face, both now and into the future.



Mdu Gama
Chairperson Social and Ethics Committee


South Hills

CONTENTS

3 Calgro M3 ESG footprint

4 An integrated approach to ESG

6 Significant issues

8 Covid-19

11 Stakeholder engagement

Social

Environment

Governance

Employees 19

20 Employment equity
21 Broad-based black economic empowerment
22 Internal skills development and training
22 Kaelo Lifestyle Programme
22 Mentorship programmes and learnerships
22 Rewarding employees
23 Employee engagement
23 Transition – succession planning
23 Health, safety and environmental
24 Safety performance

Corporate social responsibility ("CSR") 26

27 Areas of impact
28 Social economic development initiatives
32 Community economic development programmes

Preferential procurement and enterprise development 36

37 SMME Mentorship Programmes
37 Procurement policies and guidelines
38 Policy, practices and proportion of spending on locally-based suppliers

Environment 39

41 Water
43 Energy
45 Green spaces
46 Other environmental initiatives

Ethics 50

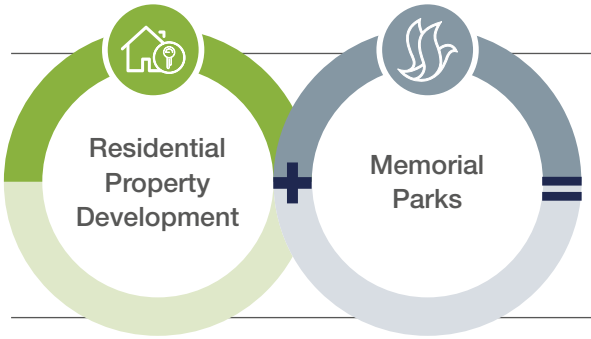
50 UN Global Compact Principles
51 Code of good conduct and ethics
53 Ethics hotline

More than 90% of Calgro M3's revenue is currently derived from residential property developments and therefore most of this ESG Report focuses on property development. Where information does not pertain to property development, it is so stated.

The full ESG report should be read in conjunction with the Integrated Annual Report 2021, available on the website: www.calgrom3.com
Please also read through the Corporate Governance Report on the website.

CALGRO M3 Group

CALGRO M3 ESG FOOTPRINT – EXECUTIVE SUMMARY



CALGRO M3 Group

A strategic focus for Calgro M3 is to achieve a better blend of revenue and profit-mix from its businesses with the cyclical nature of revenue from the Residential Property Development business being complemented by the stable income from Memorial Parks that is driven by a cultural element. A healthy mix of revenue will enhance sustainability and diversification.

Advanced signatory to the **UN Global Compact Principles**

50

Stakeholder engagement embarked on earnestly and consistently

11 – 18



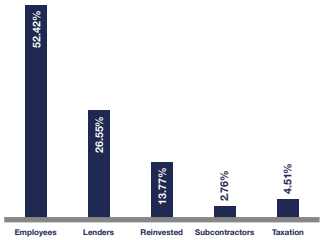
Striving for continual employee engagement, enhancement and fair treatment

19 – 25

The environment, energy efficient homes and the preservation of green spaces is a huge focus

39 – 49

Distribution of wealth 2021





Corporate social responsibility is a core focus across the Group

26 – 35

Health, Safety and Environmental ("HSE") Management System certification achieved

ISO 14001:2015 ISO 45001:2018

7, 9, 24, 34, 48

Preferential Procurement and Enterprise Development is an important aspect of operating as a sustainable business in South Africa

36 – 38

Sports and education

Community facilities

Urban agriculture

Feeding schemes

Early childhood development centres

AN INTEGRATED APPROACH TO ESG

Contained in this chapter

The principle of sustainability, through the principles of ESG, underpin core business imperatives such as ensuring stable business growth and maximising returns for shareholders. In South Africa, where historical inequality has created a huge disparity, our role in Residential Property Development and Memorial Parks is an important one. As our business grows, so does our potential to make a positive social and developmental impact.

This chapter defines our approach to sustainability across the Group.



Fleurhof

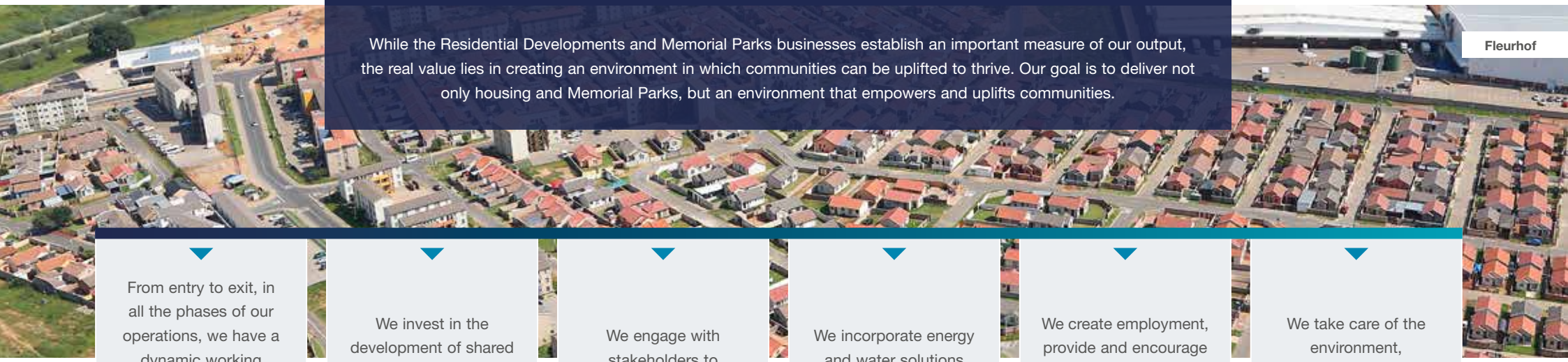
Calgro M3 stakeholders



AN INTEGRATED APPROACH TO ESG (CONTINUED)

We are acutely aware that the value we create for the business is closely tied to the value we create for our stakeholders.

While the Residential Developments and Memorial Parks businesses establish an important measure of our output, the real value lies in creating an environment in which communities can be uplifted to thrive. Our goal is to deliver not only housing and Memorial Parks, but an environment that empowers and uplifts communities.



Fleurhof

From entry to exit, in all the phases of our operations, we have a dynamic working environment, putting in place structures that will support the future success, well-being and prosperity of our communities.

We invest in the development of shared public spaces for the community and in social, educational, sport and recreational facilities.

We engage with stakeholders to understand their challenges and needs, incorporating their inputs into our outputs.

We incorporate energy and water solutions that are affordable, eco-friendly and durable into our design principles.

We create employment, provide and encourage skills training and enterprise development, and support entrepreneurship.

We take care of the environment, rehabilitating and protecting the natural surrounds, preserving them for future generations.

We do this without losing focus in terms of creating business value and striving for profitability. We are not seduced by opportunity and our risk is carefully managed. Our day-to-day focus is firmly on achieving consistent quality outputs, ensuring excellence in the management of our operations and capital, balancing our risk exposure, and nurturing our relationships with financers, investors and partners.

SIGNIFICANT ISSUES

Contained in this chapter

Calgro M3 defines material operational issues as those with the potential to significantly affect the ability of the Group to deliver on our stated objectives, create value and ensure sustainability over the short, medium and long-term.

This chapter defines what these material issues are, the key operational challenges they represent, their impact on the organisation, and how we are dealing with them.



South Hills

The following areas were considered when identifying key operational challenges that could impact on the execution of our strategy:

- Stakeholder expectations
- Environmental impact
- Industry and sector challenges
- Relevant legal and regulatory requirements
- Macro-economic environment
- Impact on communities we operate in

SIGNIFICANT ISSUES (CONTINUED)

Key operational challenges	Impact	Response
Covid-19	Refer to the next page for specific analysis on the impact and response to Covid-19	
Housing shortages together with a call for land expropriation without compensation	Illegal land and unit invasion/grabs	▸ Currently no illegal invasions ▸ Security in place and assisting local and provincial government to eradicate the housing shortage ▸ Closer working relationships between Calgro M3, security and police in order to avoid illegal invasions ▸ Enhancing communication of the Group's positive impact on communities during and after development
Skills shortage	Delivery of products and services	▸ Skills development, subcontractor incubator programme ▸ Internal coaching at management level ▸ Nurturing relationships with small contractors to grow alongside the Group as well as the mentoring and training of young individuals ▸ Human capital management to ensure succession and availability of resources to facilitate Group growth ▸ Our target across the Group is to employ at least 50% of our on-site workforce from local communities with associated training
Energy and water shortage	Availability of these critical services impact lifestyle Rising prices have an impact on development costs and client affordability Construction is a heavy user of water in a country where it is scarce	▸ Saving water and energy and reducing carbon footprint, throughout the life cycle from preferential procurement through construction activities and client education at handover ▸ Use of alternative water and energy solutions supports the future sustainability of developments, in conjunction with our focus towards environmentally friendly designs ▸ Finding a balance between the cost of "green products" vs selling price of products ▸ ISO 14001:2015 certification
Health and safety	Ensuring a safe and healthy work environment	▸ Enforce international health and safety best practices ▸ Ensuring a safe work environment for staff ▸ Ensuring safety of all stakeholders/communities on our projects ▸ ISO 45001:2018 certification
Government assistance	Acceptance of our integrated model and granting the associated regulatory approvals	▸ Through relationship building, delivering on our partnerships with the public sector and proving the effectiveness of integrated development, we build awareness and acceptance
Changing lives (community acceptance)	Community acceptance of our various products Strikes and activism can impact project delivery and profitability	▸ Stakeholder engagement and community development (social, skills, and enterprise) ▸ Corporate social investment to strengthen ties with the community ▸ Actively encouraging community involvement
Changing social structures of the past	Allowing communities from different social and economic backgrounds to live in harmony with one another in a pleasant environment	▸ Social acceptance of the Calgro M3 products ensure: – Race and class integration – Building role models within society ▸ Creation of aspirational products and spaces where communities can live, socialise and relax

SIGNIFICANT ISSUES (CONTINUED)

Covid-19

The devastating effect of Covid-19 on the global economy and indeed the South African economy is well documented. At the time of writing this report many countries had already entered the third wave of the pandemic. South Africa is sure to follow shortly and there have already been numerous predictions that some countries will experience a fourth or even a fifth wave of infections. In view of the slow pace of vaccinations locally, and the concerns over the reduced efficacy of some of the vaccines on the "South African" variant of the virus, South Africa will almost certainly fall within the basket of countries that will face more than three waves of infections. With each wave of infections comes stricter lockdown rules, which severely affects the ability of businesses to re-establish themselves after the debilitating effects of the pandemic.

Calgro M3 is no different to other businesses in that its residential developments business has been severely impacted by Covid-19, more so during the first six months under review. With the easing of restrictions as the year progressed, Calgro M3 was able to commence with and accelerate its residential development operations as and when lockdown restrictions permitted. Although still severely impacted, the second half of the year under review saw a marked improvement in operations.

Our Memorial Parks business on the other hand, has continued to grow from strength to strength due to the increase in the South African mortality rate brought about by Covid-19. The increase in burials has also had an inadvertent effect on our memorial parks brand becoming better known.

Calgro M3 has, taking all available information into account, assessed the potential Covid-19 impact on the estimation processes inherent to financial reporting and required finance functions. Also considered was the potential impact on impairment values, valuation, net realisable value, loss contingency and exposure considerations. It is our view that, due to the fact that we have always accounted for these values based on cost, expensed the cost of obtaining property development rights, expensed a material part of holding cost, etc., and further, based on internal valuations, that no further adjustments are required given that the balance sheet is considered undervalued.

The effect of Covid-19 is, however, not only financial in nature. In our risk register Covid-19 is the biggest risk due to the obvious far-reaching impact. However, the Group is in a position where much of the liquidity and macro-economic consequences of Covid-19 has been inadvertently managed through actions taken by the Group during the two preceding challenging years.

The potential impact of Covid-19 on the Group:

Our market

- Will be significantly impacted by the psychological effect that Covid-19 will have on the South African consumer. The buying of a home or the early purchase of a grave is an immense financial decision, especially for first time home buyers and we believe people will be hesitant to make these decisions for a while. We envisage that we will have to be patient until consumer confidence returns;
- The current favourable interest rate, lowered specifically to stimulate the economy, has been well received by potential buyers with many making use of the opportunity to obtain bonds while the interest rate is so low. This has, and will continue driving sales in the low to medium end of the residential property market;
- Notwithstanding the low interest rates, the banking sector's appetite to continue granting new home loans is a concern in view of the current instability of the employment sector;
- Government has a visible, renewed awareness of the need for dignified housing in South Africa. Our belief is that this will bring about new opportunities; and
- The increased mortality rate that is being experienced during the pandemic is creating favourable conditions for the continued growth of our Memorial Parks business.

Our potential customers

- Will be affected in two ways:
  1. The negative effect of Covid-19 on their psyche and their subsequent cautious approach to financial decisions; and
  2. Severe financial impact affecting their ability to acquire housing or even a dignified final resting place, whether for themselves or family members.

Contractors and on-site activities

- Construction and construction cost management will be affected through the increased cost of improved and additional health and safety requirements at our sites for at least six to 12 months after the pandemic. It is imperative to limit the renewed spread of the disease.

Health of executive directors and key executives

- The Group was proactive in dealing with the dangers of exposure to Covid-19 by directing all executive directors and key staff members to work from home a week prior to the commencement of the initial national lockdown:
  - Notwithstanding the above, the risk of infection remains, and all key staff members are committed to apply prescribed preventative measures;
  - This risk associated with the infection of a key staff member has increased due to the reduction in the management team over the last 24 months, making each management member's role so much more critical.

SIGNIFICANT ISSUES (CONTINUED)

- A temporary succession plan was compiled for each executive with differing stages of implementation, and which also allows for two or more executives falling ill at the same time.

Employees

- Calgro M3's first responsibility is to its employees, whom are supported and protected, as much as possible, during this time through the following actions:
  - Initially a no-travel policy was implemented pursuant to the first Covid-19 cases in South Africa. With the easing of lockdown rules, travel has become permissible, but only in circumstances where alternative communication is not sufficient or suitable to obtain the required outcomes;
  - Initially a strict work-from-home policy for all key-function staff was implemented, with additional and/or required infrastructure and communication costs paid for by the Company, thereby assisting in ensuring that a remote work environment was available whenever possible. Subject to strict safety protocols, this policy was varied during the year as and when lockdown rules changed, with certain key individuals returning to the office to ensure business activities continued with as little interruption as possible;
  - Implementation of social distancing in the workplace;
  - Introduction of an employee-lifestyle programme that includes amongst others, the following support functions that Calgro M3 believes might be helpful during this time:
    - Unlimited counselling
    - Financial advice
    - Legal advice
    - Comprehensive trauma response
    - Interactive health portal
- Increased staff communication from executive management and the Health and Safety Department;
- A greater focus on balancing the needs and expectations of the Group with those of employees, thereby reinforcing our message that their well-being is a top priority;
- Educating employees on the benefits of prescribed personal hygiene preventative measures, personal protective equipment, self-isolation, social distancing and all other available protective and preventative measures to ensure health and safety.

The Group is proud that it was able to pay full salaries to employees for the full financial year.

Effect on operations

- All residential development construction activities were suspended two days before the commencement of the official hard lockdown in March 2020 to afford employees the opportunity to travel to their families and stock-up with essential supplies;
- The suspension of construction activities continued for two months when operations recommenced on a limited basis within certain projects. As and when lockdown restrictions permitted, operations were increased, all the while keeping the uncertainty of the future effect of Covid-19 on operations, cash flow and the like in mind;
- Deeds offices were closed during the initial lockdown stages and intermittently thereafter, with this still being the case. Conveyancers were initially required to remove all lodged transactions when hard lockdown commenced. Even once the deeds offices were permitted to open, they have been severely affected by two-to-three-day closures due to Covid-19 cases or contact tracing being applied within the offices. This has brought about a major backlog of registrations in the whole country, which in turn, has resulted in an estimated eight-to-twelve-week delay on the operations of the Residential Development business;
- The most material effect on the Residential Development business' revenue and returns is attributable to the delay in construction, with transfers for both August 2020 and February 2021 having been affected. Successful, concluded sales, were also reassessed by banks from time to time, with transactions being cancelled due to creditworthiness and affordability issues that have arisen due to the lockdown;
- The Memorial Parks business, considered to be an essential services industry during lockdown, remained operational, within the confines of the lockdown regulations, took a decision to reassess burial prices to support individuals and families to celebrate the lives of friends and family in a dignified manner. Prices of memorial plaques, facility hire, and the like have been considerably reduced;
- The necessary authority was delegated to Memorial Parks management to grant a further 10% discretionary price reduction on products, should this be needed from an affordability perspective, and to be assessed on a case by case basis. These initiatives are not only for Covid-19 cases, but for all customers, as we believe, that we need to contribute to all members of the community in these challenging financial times. The above pricing arrangement remained in place until February 2021.

A further 25% reduction on pricing of certain grave sites at our Nasrec Memorial Park was launched in November 2020 to further assist families in the area with affordability of burials.

SIGNIFICANT ISSUES (CONTINUED)

The precise impact that Covid-19 had on revenue and profitability is extremely difficult to determine accurately. The Group was, however, well-positioned for substantial growth in the 2021 financial year, and has largely been able to absorb the effect of Covid-19 on its performance, with the Group returning to profitability, notwithstanding Covid-19.

Due to the continued uncertainty that Covid-19 holds, forward-planning remains vital. Calgro M3 is actively focusing on the actions, steps and processes required – post the crisis, to ensure that business operations return to full capacity as soon as possible.

Debt serviceability and source of sufficient liquidity

- The Group believes that it has sufficient financial resources to honour all current and short-term commitments.

Social responsibility

The Group chose to participate in various Covid-19 initiatives during the period under review. Our staff (including those of subcontractors), their families and our clients always remained at the centre of our considerations. During this period, they required our advice, our expertise and our solutions in order to overcome the short-term financial challenges that were being experienced. We undertook the following:

- Donated hand sanitiser, and other safety disposables to our staff and their families;
- Donated hand sanitiser to the Fleurhof community;
- Kept the Florida (Fleurhof), Scottsdene (Cape Town) and Diepkloof (Nasrec) police stations and officers stationed there, healthy with a regular supply of masks, gloves and hand sanitiser;
- Donated hand sanitiser and masks to MES (a charitable organisation operating in the Johannesburg inner city) to assist with their work amongst the homeless;
- Reduced pricing arrangements within Memorial Parks remained in place until February 2021;
- Annual house sales price increases were not implemented, to assist with affordability;
- Donated circa 11 000 food parcels in total, to assist local communities in and around our Scottsdene, Belhar, Fleurhof, Jabulani and South Hills residential developments, our Enokuthula, Nasrec and Durbanville memorial parks, and Hillbrow during the initial hard lockdown stages.



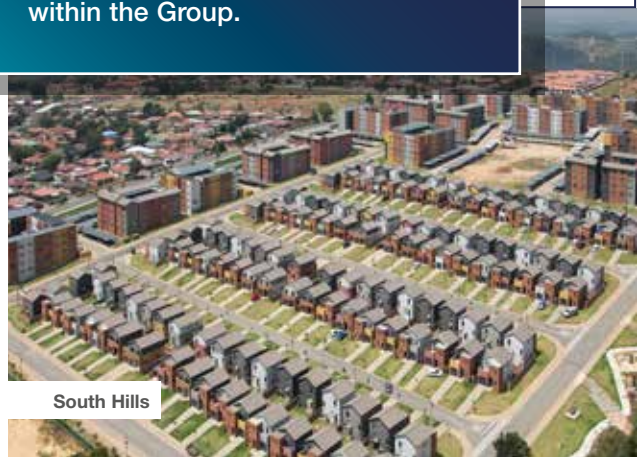
Fourways Memorial Park

STAKEHOLDER ENGAGEMENT

Contained in this chapter

King IV™ emphasises the critical role of stakeholders in the governance processes of an organisation. However, at Calgro M3 we have for many years understood that engaging our stakeholders is an imperative to conducting our business in a way that is both sustainable and ethical, and even more importantly, is key to understanding how we better deliver value to all our stakeholders, including those communities to whom we provide homes and Memorial Parks for, so that we fulfil our *"Building legacies. Changing lives"* promise.

This chapter focuses on how we manage stakeholder engagement within the Group.



South Hills

We define our stakeholders as any individual, group or organisation that is interested in, impacted by, or involved with Calgro M3. This includes our shareholders, investors, financial institutions, debt capital providers, clients, employees, sub-contractors, suppliers, consumers, communities, joint venture and other partnering organisations, government departments, governing bodies, trade unions, NGOs, industry and related industry specialists, academic institutions and the media.

Stakeholder engagement and feedback is valuable. It serves to:

- highlight potential areas of risk;
- improve awareness of market trends and innovations;
- help better understand the macro-economic climate, socio-political and cultural dynamics;
- obtain valuable feedback on the quality of products and delivery thereof;
- provide input for continuous business improvement and promote continual learning;
- inform the public of the suite of offerings: Integrated Residential Property and Memorial Parks;
- build trusting, committed and solid relationships;
- proactively manage the Calgro M3 brand and improve its visibility in the industries within which it operates;
- ensure governance, compliance and best practice processes are in place to stabilise the Company and to support further controlled and sustained growth;
- ensure the Company's growth, development, short and medium-term success, and long-term sustainability; and
- give stakeholders a voice to ensure their concerns are considered in the decision-making process.

Channels for engagement and dialogue with a wide variety of stakeholder groups are accessible via formal and informal meetings, forums, surveys, briefings and one-on-one meetings and reviews. We ensure local communities are engaged in our activities, providing employment and skills development opportunities, as well as other platforms and forums for involvement.

STAKEHOLDER ENGAGEMENT (CONTINUED)

Employees

The key resource of our Group is our people. Our employees, sub-contractors and the unions that represent them are therefore a key stakeholder group. We endeavour to attract, motivate, develop and retain a skilled and sustainable workforce to meet the current and future business needs of the Group. We actively endeavour to become an employer of choice.

How we engage

- Regular staff communications
- Briefings, meetings and presentations
- Management roadshows and project launches
- Formal and informal social events
- HR policy and procedure, including staff induction and performance reviews
- Regular training for staff (internal and external)
- Management maintains an "open-door" policy where ad hoc discussions are taken up and issues resolved accordingly

Focus areas	Our response
Fair work practice	▸ Open communication, fair management practices ▸ Hands-on senior management involvement to address and resolve labour issues
Safety	▸ Internal HSE Department that is supplemented by external consultants to oversee the implementation of policies and procedures related to the formal HSE management system, based on international standards (ISO 14001:2015 and ISO 45001: 2018) and compliance with the OHS Act 85 of 1993 and its Regulations
Incentives and bonuses	▸ Endeavour to pay market-related or above salaries and rates as well as incentivise exceptional performance with performance-related bonuses
Growth and development	▸ Offer skills development opportunities (internal and external providers) to staff and sub-contractors
Transformation	▸ Strive for transformation of the workforce ▸ Dedicated internal B-BBEE Implementation Team to ensure transformation across all elements of the scorecard
Succession planning	▸ HR and Corporate Governance policies support succession planning ▸ Active involvement of management and Exco to identify and develop succession candidates ▸ Guidance and support provided by the Remuneration and Nomination Committee
Covid-19	▸ See section on Covid-19 on pages 8 to 10

STAKEHOLDER ENGAGEMENT (CONTINUED)

Customers

Our customers are a vital part of our business model. Addressing their issues and concerns is of paramount importance to us. We regularly and consistently engage with the end-users of our products – residents, homeowners, tenants, those who have recently lost a loved one, property developers and/or real estate owners and sellers who are sub-contracted by the Company, as well as Government.

How we engage

- Sales teams
- Written communication
- Advertising campaigns
- Press releases
- Social media
- Marketing material
- Site visits
- Project updates
- Community forums and body corporate membership/meetings
- Marketing surveys and group SMSs
- 24/7 Client Call Centre assistance and support
- Dedicated client liaison officer

Focus areas	Our response
Value for money	▸ Our turnkey approach drives the affordability of end-products and is measured by 100% bonds granted by the financial institutions to our clients ▸ Continuous comparison to other products in the market for the same price, confirms value of products
Quality	▸ Quality of workmanship is constantly reviewed and formally verified ▸ Formal project management control procedures implemented before handover to clients ▸ 24/7 Client Call Centre established to resolve matters that are inside and outside the latent defect period
On-time delivery	▸ Internal professional teams means no reliance on external suppliers in the early stages of development ▸ Regular project manager meetings to identify issues, including senior management oversight
Integrated, fit-for-purpose design addressing the needs of residents, the community and the environment	▸ Town planning is informed by design specialists, environmental plans and engagement with critical stakeholders ▸ Village concept implemented
Anti-competitive behaviour	▸ Policies and guidelines ensure rights are protected and that undue influence is not brought to bear
Service levels	▸ Client service is closely monitored through client feedback. This is especially important for the Memorial Parks business

STAKEHOLDER ENGAGEMENT (CONTINUED)

Government (local, provincial and national)

We partner with Government on developments, including the local, provincial and national authorities, liaising with the Departments of Human Settlements, Health, Education and Social Services, to build communities.

How we engage

- Meetings
- Steering Committee meetings
- Co-facilitation of public participation forums
- Partnering for training
- Partnering to address specific issues
- Participation in ad hoc discussions
- Involvement in providing input into policy-making in conjunction with Government
- Written communications

Focus areas	Our response
Statutory and legal compliance	▸ Transparency and compliance with various Acts, policies, procedures and guidelines
Funding constraints for much-needed infrastructure	▸ Continuous engagement with public sector to find solutions to funding challenges

Shareholders, investors, analysts and media

By providing a holistic and transparent view of the Group and its operations, clear communications of our strategy, sustained and controlled growth and a consistent return on investment, we build trust and confidence. All activities below are undertaken to ensure that this relationship of trust is built with shareholders, investors, analysts and the media in an endeavour to ensure the correct value is placed on the Company.

How we engage

- Regular financial results and Company presentations
- Group and shareholder meetings
- Comprehensive Investor Relations function
- Project updates
- Annual General Meeting
- Annual Integrated Report
- Feedback emails
- Ad hoc telephonic dialogues
- Company website
- Site visits and roadshows are undertaken for local and with large international shareholders

Focus areas	Our response
Growth and sustained returns on investment	▸ Clear business strategy, stable growth and risk mitigating strategies
Appropriate response to macro-economic and socio-economic environment	▸ Good business practices, sound governance policies, procedures and structures and flexibility between market segments facilitate agile responses and adaptability
Prudent capital allocation and utilisation of cash and working capital	▸ Debt used to raise necessary working capital, secured by a strong balance sheet and project pipeline
Succession planning and talent retention	▸ Leadership succession planning ▸ Human Capital Management policies and measurements in place

STAKEHOLDER ENGAGEMENT (CONTINUED)

Environmental agencies and interest groups

Our key stakeholders in this group include environmental organisations, public interest and peer groups as well as industry partners impacted by environmental issues.

Our environmental responsibility extends beyond legal and regulatory requirements. It is our responsibility to reduce our environmental impact and continually improve our environmental performance across all our operations.

How we engage

- Meetings
- Conferences
- Launches
- Monitoring projects and compliance
- Project feedback meetings
- Training of sub-contractors and suppliers
- Pro-active engagement with regulatory bodies and councils
- Internal HSE Department, aligned and certified to the principles of ISO 14001:2015 and ISO 45001: 2018

Focus areas	Our response
Compliance with Acts and guidelines to protect and conserve the environment	▸ Internal HSE Department that is supplemented by external consultants to oversee the formal HSE management system that was certified in terms of international standards (ISO 14001:2015 and ISO 45001: 2018) and in compliance with the OHS Act 85 of 1993 and its Regulations
Transparency and disclosure of information	▸ Adhere to and communicate compliance ▸ Resolve issues as a priority and communicate outcomes
Product stewardship	▸ Take measures to ensure that we minimise the environmental impact of our activities ▸ Integrated development leaders ensuring environmentally friendly initiatives throughout these projects ▸ Protection of endangered or threatened species in line with environmental due diligence

Suppliers, service providers and specialists

Suppliers and service providers are our partners in our approach to delivery. We create trust and stimulate collaboration, providing growth opportunities in a mutually respectful and beneficial way, with open and regular communications as and when required or requested.

How we engage

- Meetings facilitated by specialist consultants
- Face-to-face engagement
- Emails
- Telephonic conversation
- Industry conferences and functions
- Firm agreements in place with all suppliers, service providers and specialists, and are acted on accordingly
- Training of local suppliers

Focus areas	Our response
On-time payment	▸ Timeous payments
Growth opportunities	▸ Favourable contract terms ▸ Preferential procurement for local small, micro and medium enterprises (“SMMEs”)
Clear understanding of Company strategies and priorities	▸ Engagement with professional teams to ensure synergy in implementation and problem resolution
BEE compliance	▸ Preference is given to local suppliers with a positive BEE scorecard able to demonstrate the necessary skills and competence required

STAKEHOLDER ENGAGEMENT (CONTINUED)

JSE and other regulatory bodies

We endeavour to comply fully with laws and regulations. We therefore engage with regulatory bodies on a regular basis to improve and ensure compliance.

How we engage

- Meetings
- Written communications
- Attend educational presentations
- Audits (internal and external)
- Business associations

Focus areas	Our response
Statutory and legal compliance	Strict compliance with all laws, by-laws, notes and regulations Measure compliance on a continuous basis to ensure requirements are adhered to We intend to comply with all requirements and guidelines and to be an outstanding corporate citizen
Adherence to guidelines such as King IV™, CSI, OHS Act	
Good corporate citizenship	
Transparent disclosure	Full transparency and disclosure to comply with laws and regulations

Financial institutions and debt capital providers

How we engage

- Face-to-face engagements
- Emails
- Presentations
- Cash flow and financial analysis
- Project updates
- Engage and take all financial institutions and lenders for site visits for them to see the result of their lending materialise

We maintain excellent relations with our financial partners, as securing finance for developments is vital across operations. We proactively manage cash flow, debt obligations and risk. To ensure financial excellence, we apply stringent measures and strict compliance with regulatory and contractual requirements.

Focus areas	Our response
Sound financial management	Qualified team responsible for financial decisions Suitable governance structures in place to manage risk
Appropriate response to macro-economic environment	Focused, flexible and proactive business model and management team
Access to, and disclosure of financial and related information	Integrated Annual Report and Interim reports that adhere to international accounting standards and JSE Listings Requirements Communication and reports issued to funders
Liquidity	Strategically retain substantial cash resources and gearing ability
Comprehensive risk management and exposure levels	Continue to ensure a strong balance sheet Risk management policies and tolerance levels set by the Board Continuous monitoring of financial position to tolerance levels Quarterly feedback to the Board and Committees
Risk tolerance ratios and covenants	Tolerance ratios and covenants set by Audit and Risk Committee and debt providers are monitored monthly to identify risks

STAKEHOLDER ENGAGEMENT (CONTINUED)

Joint ventures and other partners

Vital to the success of our joint venture developments are strong relationships with our joint venture partners, as well as the maximisation of value for all partners. We maintain clear lines of communication, meet our commitments and carefully manage risk.

How we engage

- Meetings
- Progress and financial reports
- Updates
- Launches
- Monthly Steering Committee meetings
- Business partner and industry forums
- Co-facilitation sessions
- Emails
- Telephone calls

Focus areas	Our response
Long-term value maximisation	Skills and knowledge are shared and transferred
Joint growth and development opportunities	Co-manage risk using defined processes
Long-term financial sustainability and security	Appropriate reporting, financial strategies
Open and clear communication	Accurate, relevant, proactive communications are provided and mechanisms for ongoing feedback and participation are in place
Full understanding of the Calgro M3 business model and the JVs role within it	Clear strategic direction Clear lines of accountability and ownership Corporate cultural integration and alignment
Equitable income distribution	Encourage openness and transparency in our dealings and promote fair business practices

STAKEHOLDER ENGAGEMENT (CONTINUED)

Communities in which we operate

A critical component of our developments is community participation and locally based skill and enterprise development. We respect the rights and needs of communities and actively seek to support their interests by involving them from start to finish.

How we engage

- External social facilitation team
- Public participation forums
- Presentations
- Community outreach forums and leaders
- Corporate social responsibility and investment projects
- Launches
- Education
- Daily project site and operations management meetings, which include labour desks headed by community elected leaders
- Meetings with ward and local councillors for areas in which developments are planned
- Active education on requirements and responsibilities of a homeowner
- Social media

Focus areas	Our response
Land claims	▸ Due diligence incorporating International Finance Corporation (“IFC”) principles ▸ Local councillor involvement ▸ Act within the framework of the judicial system
Destruction of cultural heritage sites, protecting biospheres and endangered species	▸ Public participation in the environmental authorisation process ▸ Strict compliance with an Environmental Management Plan ▸ Due diligence
Issues with delivery and quality of housing	▸ A formal focus throughout construction on verifying quality, backed up by after sales service
Employment and economic development	▸ Local community involvement through establishment of labour desks ▸ Skills and enterprise development ▸ Training programmes ▸ Community and labour desk officers
Non-delivery of municipal services	▸ Town planning and interaction with local government and municipal services to plan infrastructure and service delivery ▸ Alternative energy solutions make developments more affordable and sustainable

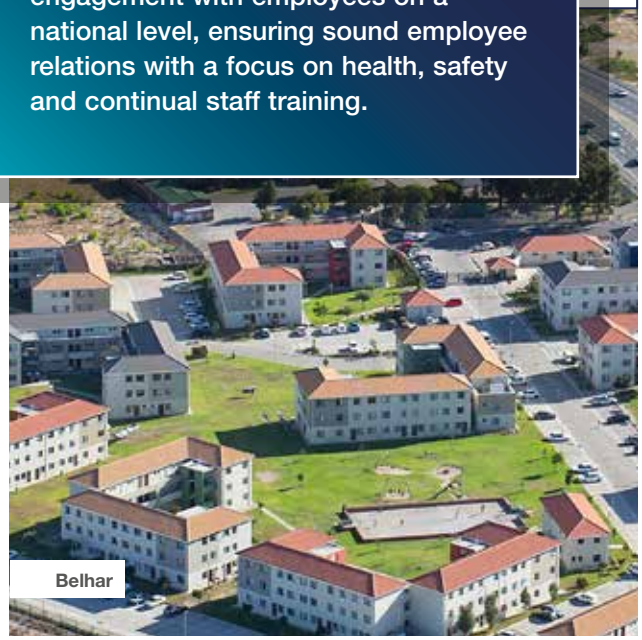
Focus areas	Our response
Socio-economic and related issues (HIV and AIDS, crime, gangsterism, etc.)	▸ Partner with businesses, NGOs and government to address key socio-economic issues within communities
Access to health and education facilities	▸ Provision for these facilities is made in the town planning process throughout our Integrated Developments
Corruption	▸ Calgro M3 adheres to a culture of zero tolerance for corruption ▸ Tip-offs Anonymous hotline (fraud and corruption hotline)
Positive and tangible contribution to broader interests within the community and society as a whole	▸ CSI annual spend is directed at key community projects ▸ Skills and enterprise development focused on the key needs of the communities we operate in
Social and cultural integration of new development into existing communities and areas	▸ Actively pursuing the creation of integrated, thriving communities by being cognisant of the interest and needs of all community stakeholders
Covid-19	▸ Refer to Covid-19 section on pages 8 to 10

EMPLOYEES

Contained in this chapter

An outline of how important our people, their development, well-being and safety are. We explore how we approach Human Capital Development and explain how the Group allocates funds to Internal Skills Development and Training.

The chapter covers our continual engagement with employees on a national level, ensuring sound employee relations with a focus on health, safety and continual staff training.

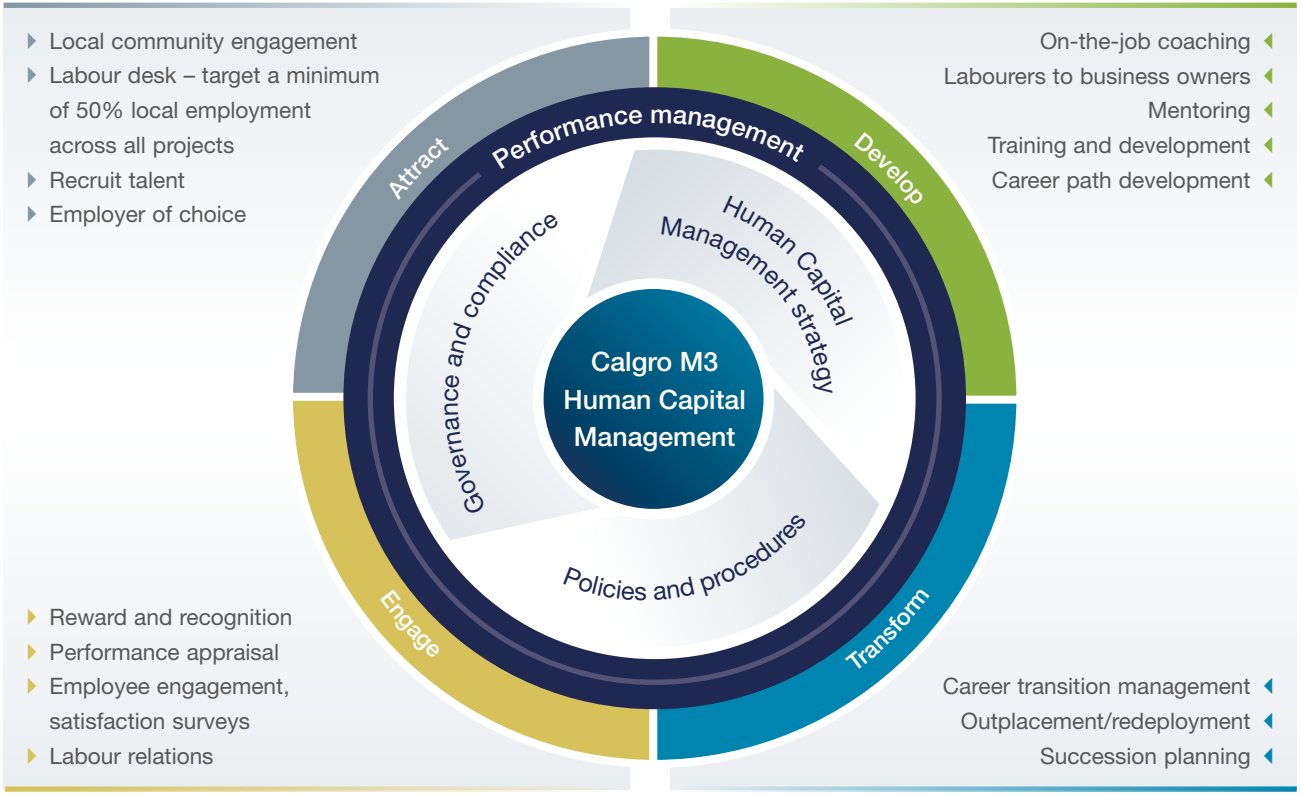


Belhar

It is Calgro M3's goal to make South Africa a better place for all by providing employment and products to as many people as possible.

Human Capital is an integral part of the Group's value chain. Without our people, we will not be able to do business – we would certainly not be able to deliver the high-quality services and products that we do, to our valued stakeholders.

The Group recognises the importance of a transforming and ever-changing workforce. This has guided the development of the Group's Human Capital Strategy and Workforce Model. It focuses on four areas – **Attract, Develop, Engage and Transform** – enabling the Group to unlock the potential of each of our valued employees.



EMPLOYEES (CONTINUED)

Local recruitment and Human Capital Management are prioritised on all development projects across the Group. This provides the Group with an effective and valuable onsite workforce. It builds positive relationships with communities, addressing unemployment in these areas and assisting to reduce skills shortages we might otherwise encounter at remote sites.

Across the Group, preference is given to empowerment candidates in all new appointments. The Group also practices a policy of non-discrimination on all our operations. We strive to recruit and retain the best people both on our projects and within our corporate support operations and draw on talent from the populations of the areas we work in wherever possible.

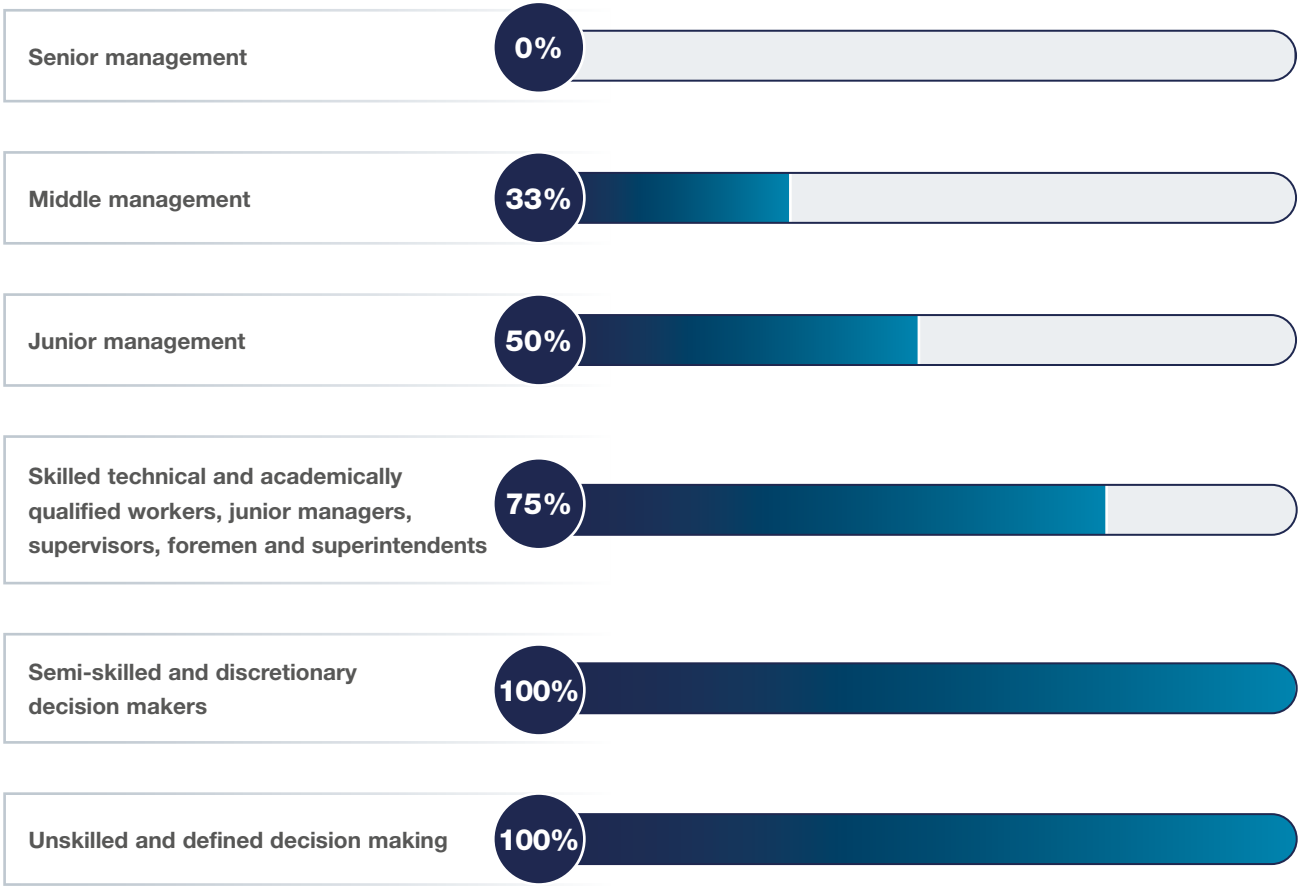


Calgro M3 is committed to and supportive of the empowerment of previously disadvantaged groups.

Employment equity

Calgro M3 remains committed to Employment Equity. The majority of new staff members employed by the Group (which includes permanent, temporary and fixed contract staff) in the financial year under review are from previously disadvantaged groups, illustrating the Group's commitment to transformation in the workplace.

Percentage of new staff from previously disadvantaged groups



EMPLOYEES (CONTINUED)

Broad-Based Black Economic Empowerment

The Group understands the importance of implementing the Broad-Based Black Economic Empowerment ("B-BBEE") guiding principles set out by the South African Government across all levels within the Group. The Group views the B-BBEE principles as an opportunity to contribute to building an empowered nation.

For us, transformation goes beyond compliance with legislation and regulations. Our goal is to create a truly transformed organisation where we empower our people to fulfil their purpose. Our commitment is to ensure that our organisation's culture aligns with this goal. We understand that the broader transformation of society cannot take place, unless large institutions like ours play a major role.

This is a proud testament of the fact that the effort that the Group has put into transformation is paying off.

The Group's workforce transformation has changed significantly in the previous years. Our current workforce demographics are very closely aligned to the national demographics of South African society in terms of the reported economically active population. The Group only recruits new personnel in line with the demographical split within South Africa (in the rare circumstance where we do deviate from this policy, we ensure that a justification submission with a valid reason accompanies the appointment). Any such deviation is noted and approved by the Executive Committee and the Social and Ethics Committee.

Overall, staff levels have decreased substantially due to the conscious slowdown across operations in line with poor economic growth and pressure on the consumer, and the closure of our construction division.

The Group has been severely affected by the suppressed environment in the property development sector with many of its competitors filing for business rescue. The Group has unfortunately not been immune to this and had to reduce its staff complement across sites to ensure long-term sustainability.

The total staff complement, including agents, has decreased by 50.8% to 156 (2020: 317). The total staff and sub-contractor complement are expected to increase again once operations at the above sites resume to normal levels.

We recognised the need to do more in this respect and are proud to announce that we are a level 1 B-BBEE contributor.

Total staff complement analysis

		African	Coloured	Indian	White
Total	Male **58.97%**	60.92%	3.45%	3.45%	32.18%
	Female **41.03%**	55.56%	12.70%	7.94%	23.80%
Total workforce		**60.26%**	**7.05%**	**5.13%**	**27.56%**

EMPLOYEES (CONTINUED)

Internal skills development and training

Skills development is a very important aspect of the Group's Human Capital Strategy. The Group is strongly aligned with Government's drive to improve and empower the South African workforce. The Group is proud of its achievements in terms of training and the learning and career development opportunities it makes available to all staff and communities we operate in. The main drivers included the solidification of our mentorship and work experience related initiatives.

During the year the Group spent approximately R1.8 million (2020: R4.8 million) on skills, enterprise and supplier development. This skills development and training spend was across various management levels. 100% of this amount was spent on black employees. This amount includes time spent by senior managers mentoring junior and middle managers, as well as expenses paid towards tuition for employees on the various training programmes.

We are often challenged by skills shortages, lack of formal training and the limited industry experience of the workforce actively recruited in the areas in which our projects are based.

Considerable time and effort are spent on skills development for existing staff, interns and students, and the development of the labour force. Skills development typically comprises some or all the following, but not limited to:

- formal skills plans;
- transitional skills transfer and general upskilling;
- short-term "shadow skills training" and/or on-the-job coaching;
- medium and long-term technical, supervisory, and formal management training; and
- skills transfer by experienced long-term employees.

Continual learning, both formal and informal, is inherent in the Group's culture of sustainable growth and development.

We encourage all our employees to engage where possible in formal training and informal on-site training. Concrete efforts are being made in relation to development of skills plans, training, mentorship and learnership programmes.

All levels of the operations are designed to attract and retain key skills and talent in a climate of skills shortage, and to ensure the Group's sustained success in the future. Training, learning and career development plans are available for each employee to tweak as their own career path develops.

Team members are continuously challenged in their role. Continual learning, both formal and informal, is inherent in the Group's culture of sustainable growth and development. It is important for each employee to achieve their personal potential.

To ensure continuous productivity of our Group it remains essential that clear goals are set for each employee on a daily, weekly, monthly and annual basis to measure performance against. A joyful working environment is created within Calgro M3 through fun activities, team building exercises and creating a safe working environment. Continual learning remains important to motivate employees and to ensure that work is completed timeously.

Kaelo Lifestyle Programme

At Calgro M3 we fully understand how important our staff are to the overall success of the business. Their well-being is therefore of utmost importance to us and it is with this in mind that we launched a staff lifestyle programme in February 2020, managed and implemented through Kaelo, a provider of innovative, essential, healthcare solutions enabling the physical and psychological well-being of all South Africans. The AskNelson programme, powered by Kaelo Lifestyle, helps employees and their families cope with today's challenges such as financial pressure, high levels of personal stress, addictions, health problems, demanding work schedules, crime and violence.

The services available to Calgro M3 employees include counselling, financial advice, legal advice, trauma response and a child and teenage benefit. Our employees can access the services by telephone, sending a "please call me", emailing, sending an AMA or visiting the Kaelo website.

We believe that we could not have launched this programme at a more crucial time. Providing our staff access to this platform in the midst of the Covid 19 pandemic gives us comfort that employees not only have the support of the business through our HR department but also through this service.

Mentorship Programmes and Learnerships

The Group caters for Quantity Surveying ("QS") and Information Technology ("IT") internship programmes.

Rewarding employees

A transparent performance management system that is linked to the performance of the Group is incorporated within the Company. It effectively creates wealth based on performance on all levels and raises accountability. All individuals are made aware, through various training channels, of the impact they have on the Company and the direct and indirect contribution they make to the success of the Group.

The Group has a long-term service and retention scheme for salaried and wage staff that rewards employees with extra leave days and a cash incentive for each five-year period of completed service.

Employees' salaries are benchmarked annually to ensure remuneration at the appropriate skill and experience level. Performance-based bonus schemes are in place for permanent

EMPLOYEES (CONTINUED)

staff. The scheme rewards personnel based on Group and individual performance through the performance appraisal system in place.

Employee engagement

The Group has put in place employee relations strategies that include staff engagement and effective communication at all sites. Workplace forums and meetings provide a platform to improve engagement with employees and sub-contractors. They help manage labour relations proactively, manage expectations and highlight any deterioration in trust between management and labour.

Employee surveys facilitate direct input by employees, assisting the Company to meet expectations. These will be accompanied by other staff engagement initiatives throughout the year, such as briefings, CEO addresses, and feedback from the different divisions and from site managers in daily, weekly or monthly meetings held across the different forums within operations.

The Group has taken and will continue to enforce a hard line and zero tolerance approach with respect to disciplinary issues, especially with reported cases of abuse of alcohol or narcotics on site, theft, assault or negligent acts that may endanger people's lives on sites. This will send a consistent message to employees that misconduct will not be tolerated and that anyone involved in misconduct will face severe consequences. This is in line with the Group's efforts to maintain zero fatalities on all projects and promote a safe and harmonious work environment.

The Group has policies and procedures in place aimed at improving Grievance Management resolution times, including in-sourcing of key stakeholder engagements. As a result, average conflict resolution is 72 hours. For the financial period under review, the Group was, minimally, impacted by work stoppages at its sites.

Transition – succession planning

Succession plans are reviewed at Exco and Board level using the performance results of managers from the Performance Management System. This process is ongoing. The Remuneration and Nomination Committee specifically focuses on this issue once a year to ensure that management's view is aligned with that of the Board and that talent is cultivated from within the organisation through planned activities.

Health, Safety and Environmental

The Calgro M3 Group is committed to reducing the adverse health, safety and environmental impacts of the organisation and has implemented an integrated Health, Safety and Environmental ("HSE") management system to ensure decisions that are made, consider economic development, environmental quality and the social impact for all stakeholders. The development of the HSE management system commenced in 2017 with the implementation conducted from May 2018, with the overarching goal of achieving ISO certification – the gold standard in term of international specifications.

The purpose of the HSE Management System is to provide a management framework for Calgro M3 to adequately manage health, safety and environmental aspects, risks and opportunities and to ensure continual improvement in managing these aspects and risks.

The aim is to protect the environment and respond to changing environmental conditions in balance with socio-economic needs and to prevent work-related injury and ill health to workers and to provide safe and healthy workplaces.

The intended outcomes of the HSE Management System are as follows:

- To enhance the organisation's HSE performance;
- To conform with compliance obligations;
- To achieve the organisations HSE objectives;
- To add a competitive advantage; and
- To confirm a continuous improvement drive to ensure a safe working environment and involvement by all within the organisation.



Providing a safe workplace

Ensuring health and safety of all stakeholders on site is the basic principle underlying Calgro M3's HSE Policy. Our HSE management system approach is risk-based and focuses on the integration of safe working/operating practices into every aspect or process performed.

Furthermore, contractor and supplier assessments and performance evaluations were developed to promote accountability and performance improvements.

EMPLOYEES (CONTINUED)

Calgro M3 is pleased to report zero fatalities for the reporting period.

Safety performance

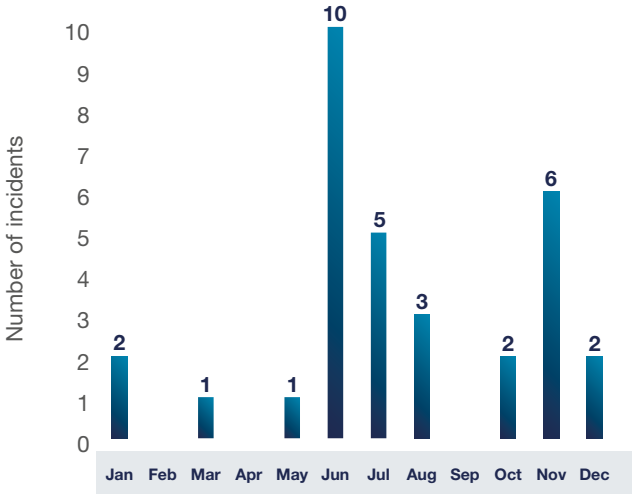
Safety performance was measured by lagging indicators. Such lagging indicators include injury frequency rates and lost workdays. These measures are necessary to track the number of injuries but does not indicate the effectiveness of control measures put in place in preventing injuries. Calgro M3 has now adopted the tracking and analysis of leading indicators such as training, compliance audits and checking the effectiveness of controls. This will provide an indication of what corrective measures are needed and where to prevent incidents and injuries.

If an incident occurs, an investigation is conducted to understand why the incident occurred and identify what controls could be strengthened or improved to prevent similar incidents.

Unfortunately, a few medical treatment cases occurred on-site with some of them resulting in lost time injuries. The Group is actively working at improving its lost time injury frequency rate ("LTIFR") and recordable case rate ("RCR") which includes any injury that requires more than a first aid treatment to within international standard levels.

Monitoring and reporting on safety performance is essential to ensure the safety of everyone working for Calgro M3, including employees, contractors and suppliers and their respective employees. This addresses risks that are inherent to the industry.

Presentation of number of incidents per month in 2020 calendar year



Occupational health

It is a legal requirement to ensure that employees working on Calgro M3 sites are medically fit. Calgro M3's medical surveillance programme ensures that the baseline health of employees are recorded, and the state of health is monitored throughout the duration of the employment. Interventions are made to assist individuals that need to sustain and improve their health. The medical surveillance detects risk factors related to occupational exposures and lifestyle conditions and incorporates screening for lifestyle diseases like hypertension. The interaction between workplace and social risk factors calls for an integrated approach to health promotion, prevention and management.

Managing HIV and AIDS

Calgro M3 is concerned with the well-being of all employees and has approved and implemented an HIV/AIDS Policy which has been adopted by all parties involved on Calgro M3 projects.

In respect of HIV/AIDS, companies in South Africa are facing an epidemic of serious magnitude. This will present companies with unique and complex problems which must be managed appropriately and effectively. HIV/AIDS targets the economically active sector of the population and as a result the workplace will be impacted. Management and employees need to develop proactive strategies and policies to address the problems which will be experienced.

Calgro M3 recognises the serious implications of HIV infections and AIDS for the individual, their family, their colleagues and Calgro M3 itself. We are committed to addressing HIV and AIDS in a positive, supportive and non-discriminatory manner, with the informed support and cooperation of all employees, and in accordance with accepted best business practices and relevant Codes of Good Practice. Our policy regards HIV/AIDS in the same light as other life-threatening diseases and ensures non-discrimination against HIV positive employees.

EMPLOYEES (CONTINUED)

2021

Fatality-free and free of serious injury in the workplace



Every individual has the right to a safe and healthy workplace and the right to return from work every day, safe and injury-free

Maintained certification:
ISO 14001:2015 (environmental)
ISO 45001:2018 (health and safety)

All employees must act
and work in a safe manner
at all times

A robust Health, Safety and Environmental management system based on the following principles:

- "ZERO SERIOUS INJURY" mindset
- No repeats
- Simple, non-negotiable standards and procedures

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

Contained in this chapter

CSR is a corporate culture whereby businesses or companies decide voluntarily to contribute to a better society and a cleaner environment.

This chapter explores our unique approach to CSR across our communities and outlines our initiatives in this regard.

At Calgro M3 we are shaping a responsible business in an ethical way every day. It’s how we make profits, not just how we spend them that counts. We generate direct and indirect economic value for local communities from our operations as we develop entire communities, not just properties. We believe that in supporting education, a meaningful difference can be made to change the well-being of South Africans!

Calgro M3’s investment in social initiatives is aligned to its philosophy of community development. We invest in social development initiatives that help uplift and empower. We favour the support of projects in our residential developments, identifying opportunities where we can make a tangible difference, supporting the growth and development of individuals, nurturing vulnerable or needy groups, or strengthening the community.

The Group is involved in the development of various crèches, clinics, parks and community centres within its developments. In all instances, Calgro M3’s investment in chosen initiatives is voluntary, not mandated. Town planning regulations for Integrated Developments stipulate that land must be reserved for public use and that developers may not raise any structures on or develop that land.

Although our Socio-Economic Development (“SED”) spend complements our BEE scorecard, our focus is to create socio-economic sustainability within the developments that we create, thus going above and beyond the recommended target of 1% of net profit after tax (“NPAT”).



CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Areas of impact

- Social/community development: non-residential amenities within new and implemented projects
- Innovation within project management and infrastructure/ community development
- Kutlwanong Training Centre (part of the year)
- Enterprise development
- Skills development
- Supplier development
- Donations: land, infrastructure, top structures or in-kind
- Social economic development initiatives:
  - Education and schooling
  - Early childhood development
  - Development of recreational park areas
  - Improving and developing recreational activities
  - Waste management and recycling areas
  - Water harvesting
  - Urban agriculture
  - Healthcare and wellness within communities
  - Feeding schemes and food security programmes
  - Maintenance of open spaces and facilities
  - Youth training and development programmes

Our core CSR objectives are:

- Partner with specialist service providers, including non-profit organisations, to ensure appropriate skills are applied to execute initiatives
- Maintaining excellent relationships with employees, customers, suppliers, investors, funders and communities
- Community involvement
- Monitor outcomes and manage investments to drive delivery of envisaged benefits
- Wellness of employees
- Education and upliftment of communities

Governance and standards:

- King IV™
- Companies Act 71 of 2008 (as amended) Regulation 43(5)
- Employment equity
- B-BBEE Legislation Act 53 of 2003 (requiring companies to engage in Preferential Procurement)

"Creating sustainable environments which empower and uplift communities, leaving a lasting legacy of socio-economic upliftment and change."

Building legacies. Changing lives

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Social economic development initiatives – impact for 2019 to 2021 FY

Covid-19 Food Parcels

During the initial stages of the Covid-19 lockdown, specifically during stages 4 and 5 thereof, countless families were left without any income and the means to provide for their families. The genuine need for food during this time became a major national concern. To assist in this time of great need, Calgro M3 donated circa 11 000 food parcels in total to the local communities in and around our Scottsdene, Belhar, Fleurhof, Jabulani and South Hills residential developments and our Enokuthula, Nasrec and Durbanville memorial parks. In addition to this we also distributed parcels amongst communities in Hillbrow.

While the logistics for the delivery of the parcels was arranged by Makro, the parcels were personally distributed amongst community members by Calgro M3 staff with the assistance of MES, a non-profit charity organisation with whom Calgro M3 has a long-standing relationship.

The Group is immensely proud that it could be of assistance in this time of great need in South Africa and more so of its staff who participated in the distribution of the food parcels and at great risk to themselves to ensure that those in need receive the necessary support.

Other Covid-19 related corporate social responsibility actions

- Donated hand sanitiser, and other safety disposables to our staff and their families;
- Donated hand sanitiser to the Fleurhof community;
- Kept the Florida (Fleurhof), Scottsdene (Cape Town) and Diepkloof (Nasrec) police stations and officers stationed there, healthy with a regular supply of masks, gloves and hand sanitiser;
- Donated hand sanitiser and masks to MES (a charitable organisation operating in the Johannesburg inner city) to assist with their work amongst the homeless;
- Reduced pricing arrangements within Memorial Parks remained in place until February 2021;
- Annual house sales price increases were not be implemented, to assist with affordability.







CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Early childhood development centres ("ECD") and initiatives

The National Lottery Commission awarded funding to respective ECDs for the development of ECD centres, based on land availability. Calgro M3 donated the identified land in the Fleurhof and South Hills developments for the development of ECD Centre's which will be managed by a Non-Profit Organisation ("NPO"). The pre-school will be managed by selected management teams from the local community.

Fleurhof Ext 26: Approval has been received by the local authority and construction of the crèche has commenced, being close to completion. The snagging of the building is complete and service connections are awaited. Once these connections are received, the handover and opening of the crèche will commence. Calgro M3's total donation amount is R1 038 600.



Community park and recreational facilities

The Lapologa Witpoortjie Park situated in Ext. 69: In addition to residents being able to enjoy the park, a BMX area and playing facilities are available for children.

The park was opened during the Centenary Celebration for Nelson Mandela in 2018 with a total of 100 trees planted in honour of Nelson Mandela's 100th birthday celebration.



CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Feeding scheme

Namedi Secondary School Monthly Feeding Scheme: The Group's Memorial Parks segment continued to support and contribute towards a local food programme during the financial year. The principle of the programme was for the community forum to provide a daily meal to the neediest school children in the Namedi Secondary School as well as other unemployed youth in their training programme.

Improving community facilities

Income generators: Calgro M3 is involved in this initiative to generate sundry income to enhance community initiatives and local SMME development. Typically, these initiatives include security, maintenance of recreational parks and open spaces within developments.



Maintenance of open spaces and facilities

Calgro M3 develops active open space areas and parks within developments. We consider this a critical part of establishing a sense of community. The Company maintains these parks and open space systems for a period before handing maintenance over to local residential committees. This ensures the community understands the value of these parks and maintains them accordingly for all residents to enjoy.



CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Youth training and development programmes

Kutlwanong Home Craft Development Trust ("Kutlwanong Training Centre")

Calgro M3 is exceptionally pleased that the Kutlwanong Training Centre is open to accept community members for training. All agreements have been signed between interested parties and the Kutlwanong Training Centre located in Roodepoort has accreditation from the Construction Education and Training Authority ("CETA") for the following qualifications:

- National Certificate in Building and Civil Construction, NQF Level 3.
- National Certificate in Construction Roadworks, NQF Level 2.

The aim of the centre is to continue with its current accredited skills programmes which include sewing, catering and business education, and to add accredited Vocational (short-skills) Training Programmes, Learnerships and Skills Development Programmes. The centre will serve the Fleurhof, Jabulani, Witpoortjie, Leratong and potentially the South Hills Development as a Training Centre due to the close proximity to all the developments.

Course enrolment and completion statistics:

- Catering – 64 students
- Sewing – 58 students
- Entrepreneurship – 122 students
- Life skills – 122 students





The second certification ceremony was held in October 2019. The ceremony was well attended by Trustees and representatives from CalgroM3 including Dr Mdu Gama, an Independent Non-executive director of Calgro M3 who also shared a word of motivation with the students. Former students were also present to motivate current students in their address.





Students enrolled for post graduate studies at Milpark Business School were required to do a project on a Non-governmental Organisation ("NGO") . This project is funded by a JSE listed company. A request was received to study Kutlwanong and Calgro M3. Calgro M3 agreed to assist students and the group visited Kutlwanong on two occasions. With the assistance of Calgro M3, through the provision of information and guidance, their presentation was voted "best presentation" and Kutlwanong received prize money to the value of R140 000 from Milpark Business School.

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Community economic development programmes

The skills development programmes on-site are an important focus point in terms of the socio-economic contribution that Calgro M3 makes.

Our policy is to employ at least 50% of the workforce required on a development, which includes local SMMEs, skilled and unskilled labour, from the local communities in which we operate. On-site community-chaired labour desks are set up at all integrated projects to assist in the appointment of the local workforce. They also provide an innovative means to ensure continual hands-on stakeholder engagement, community involvement and buy-in, and to monitor and enforce compliance. These labour desks also manage on-the-job training, coaching and mentoring to further empower individuals and support the development of our growing list of sub-contractors.

The comprehensive skills training programme focuses on Recognition of Prior Learning ("RPL") identification and accredited vocational skills training. This empowers the trainees who have completed these courses to be part of a preferential procurement list from which the sub-contractors can source local labour.

The artisan skills training also develops a productive workforce by delivering practical on-the-job training that will effectively upskill and uplift the local labour from the identified developments.

Calgro M3 is committed to the ongoing training and development of employees to ensure the broadening of its skills base.

> "Training focuses on daily employee development, not only for their current roles and responsibilities but for future advancement too. Social development puts people at the centre of development through committed development processes that benefit people in the way they interact in groups and society. Social assistance continues to form an important part of government's strategy to fight the triple challenge of poverty, inequality, and unemployment". (Adopted from South African Government)

The skills development programmes on our sites are an important focus point in terms of the socio-economic development that Calgro M3 makes:

The four tiers

1 **Specific artisan training for local labour (vocational skills) short skills, learnership and apprenticeship**

Implementing training for specific skills for local labourers employed through project labour desks. All the training providers are CETA-accredited trainers and training involves theory and practical, on-the-job training. The comprehensive skills training programme focuses on:

RPL identification and accredited vocational skills training. This empowers the trainees who have completed these courses to be part of a preferential procurement list from which the sub-contractors can source local labour.

After successful completion of the training courses, participants are given an accredited certificate. Attempts are also made to transfer these contract workers from contract to contract on the same site, eventually employing them on other projects for the Company.

Calgro M3 is a host project for CETA- accredited training projects too to the benefit of the local unemployed community.

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

2 Skills development of local sub-contractors

The need to develop business skills of the sub-contractors involved on projects has also been identified. Sub-contractors are given the opportunity to attend Business Education and Life Skills Development training. The SMME training also contributes towards the overall enterprise development aspects in terms of BEE compliance.

The Group's formalised enterprise development programmes mentors small black-owned enterprises, helping them improve their performance across various spheres of business. This includes securing credit lines and discounts from suppliers, labour and employment relations, legal requirements as well as improving their technical skills across finance, human resources and construction. This was a result of up-scaling the programme to accommodate the development of more enterprises.

3 In-service training

Various students from different industry-related degree or diploma courses, especially those requiring practical experience as part of their curriculum, are accommodated during the implementation of projects. We have found that these student trainees leave us after the six months with a much better understanding of the industry in which they will eventually be placed.

4 Youth Development and Training Programmes

A financial literacy programme was rolled out during FY2019 that was designed for previously disadvantaged learners in Grade 9 to 12. This programme taught learners about financial concepts such as managing debt, looking after one's savings and spending wisely. The financial literacy programme was also incorporated into learning material to benefit SMMEs during business development training.

The youth development programmes focus on providing a range of services, opportunities and support to the youth within our developments, between the ages of 18 to 35.

The benefits of these comprehensive skills training and development programmes result in:

- An increase in job creation.
- Sustainable SMMEs and the improvement of SMMEs accreditation (i.e. Construction Industry Development Board ("CIDB") levels or other institutional rating scales).
- The socio-economic status of the development's adjacent communities will be increasing through sustainable enterprise development initiatives.
- Sub-contractor development is beneficial to the economic growth within the Integrated Residential Developments.
- After working for Calgro M3, the sub-contractors can do work for third parties with these newly acquired skills.



South Hills

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Site-specific training

Location	Nature of training
All sites	**General Health and Safety Training and awareness:** ▸ All Calgro M3 employees and contractor employees were inducted upon returning from a December break ▸ Toolbox Talks ("HSE") are communicated to employees weekly, every Tuesday ▸ Task Risk Assessments are conducted and communicated with each team to ensure that hazards and risks are addressed before the task commences ▸ Additional training was provided to site managers, site supervisors, HSE personnel and contractors. The training included but not limited to Construction Environmental Management, ISO implementation requirements and HSE procedures ▸ Training for sub-contractors, how to run their businesses and how the construction industry operates ▸ Training on construction rates measurements and calculations



South Hills

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Consumer training and financial awareness

The Group provides education and awareness around the financial realities associated with homeownership, and specifically the practicalities of living in a sectional title environment. This education is viewed as one of our most important CSI contributions to the sustainability of the community as it empowers homeowners to become financially stable; establish, grow and uplift themselves, potentially extending the cycle of sustainable growth by becoming role models in society and themselves giving back to the community.

Financial awareness training starts once the agreement of sale is completed. Our agreement of sale contains 14 descriptive statements pertaining to sectional title homeownership. For example, what may or may not be done in the communal environment and what financial costs are associated with this type of homeownership. Agents provide prospective owners with training on each of these statements.

When the mortgage loan is granted by the financial institution, the client is again visited, and the finer implications of bond repayments are discussed. This includes creation of a detailed financial expenditure plan incorporating all associated costs, such as levies, rates and taxes, municipal effluent, insurance, etc. Thereafter, clients are required to undergo borrowers' education administered by Calgro M3 to enhance their already-entrenched knowledge.

This practice, along with educational campaigns, has proven to be worth more than its weight in gold as it has led to a dramatic downscaling of consumer frustration and embarrassment for new homeowners in the sectional title lifestyle space, who were previously presented with requests for payments for which they had not budgeted. As a result of this training, the body corporate within Calgro M3's developments are financially healthy with sufficient funds to maintain buildings and uplift the local community.

The Group has engaged with an external rehabilitation specialist to assist clients that do not qualify for bonds, due to poor credit scoring, to clean up their credit record and become more financially stable.

Since this approach was implemented, complaints in this regard have dwindled to less than a percentage point of all new homes transferred to clients.

The need for **body corporate and trustee training** was also identified. We facilitate the inaugural meeting of the body corporate and ensure that a proper Board of Trustees is elected, and that all the primary portfolios are identified and allocated. We then remain involved with the management agent and the trustees (in some instances for periods exceeding two years) to ensure that knowledge through practical work and training sessions is properly shared and transferred. It is vital for the social cohesion of the body corporate and all its members that trustees are aware of their functional requirements and of their legal responsibilities. During this period, we supported many individuals to become community leaders in their respective surroundings. This has contributed to our goal of making a difference and changing lives.

Socio-economic development initiatives



PREFERENTIAL PROCUREMENT AND ENTERPRISE DEVELOPMENT

Contained in this chapter

An important aspect of operating as a responsible and sustainable business in South Africa is ensuring that we contribute to the real transformation of our country through our procurement policies and the mentorship and support of black-owned businesses, particularly SMMEs.

This chapter outlines our initiatives in this respect.

Our **Building Legacies, Changing Lives** slogan is a constant reminder to actively help develop the community, providing business education, training non-skilled and skilled local workers, and by supporting local SMMEs through training partners, to mitigate the risk of unemployment in local communities that can accompany the completion of the development. This leaves a lasting legacy of social and economic upliftment when the projects close.

The Group's Enterprise Development programme mentors small black-owned enterprises, helping them improve their performance across various spheres of business. This includes securing credit lines and discounts from suppliers, labour and employment relations, legal requirements as well as improving their technical skills across Finance, Human Resources and Construction.

Calgro M3 partners with Development Action Group ("DAG") – Sub-Contractor Training Programme

Makes use of sub-contractors	**Calgro M3**	**DAG**	NPO focused on sub-contractor development programmes

Development Action Group course outline

28
sub-contractors that participated in 2019 FY are still doing contracting work for Calgro M3

Calgro M3 paid for each sub-contractor to be part of seven weeks of training

Four modules of which content included:
Compliance | Business Management | Pricing and Procurement
Rates and Quantity Surveying | Health and Safety | Personal Development

Program with new intake to be run in 2022 FY

Benefits

SMME-owner development

Empowering the businesses with key tools to grow into sustainable businesses whereby they in turn can create jobs and alleviate poverty

"Sub-contractor development is much needed to ensure a growing, sustainable economic impact is made. Continuous development of small business is needed to boost job creation in the economy."

Wikus Lategan, CEO Calgro M3

Both organisations agree that this in not just about training, but also about a shift in mindset and attitude.

PREFERENTIAL PROCUREMENT AND ENTERPRISE DEVELOPMENT (CONTINUED)

SMME Mentorship Programmes

These mentorship programmes are aimed to equip each enterprise with the relevant practical "tools and knowledge" to grow into a self-sustainable enterprise. The Group's aim is to grow this programme to such an extent that it can be rolled out to other Integrated Developments as well to the broader communities located on the boundaries of our projects.

Procurement Policies and Guidelines

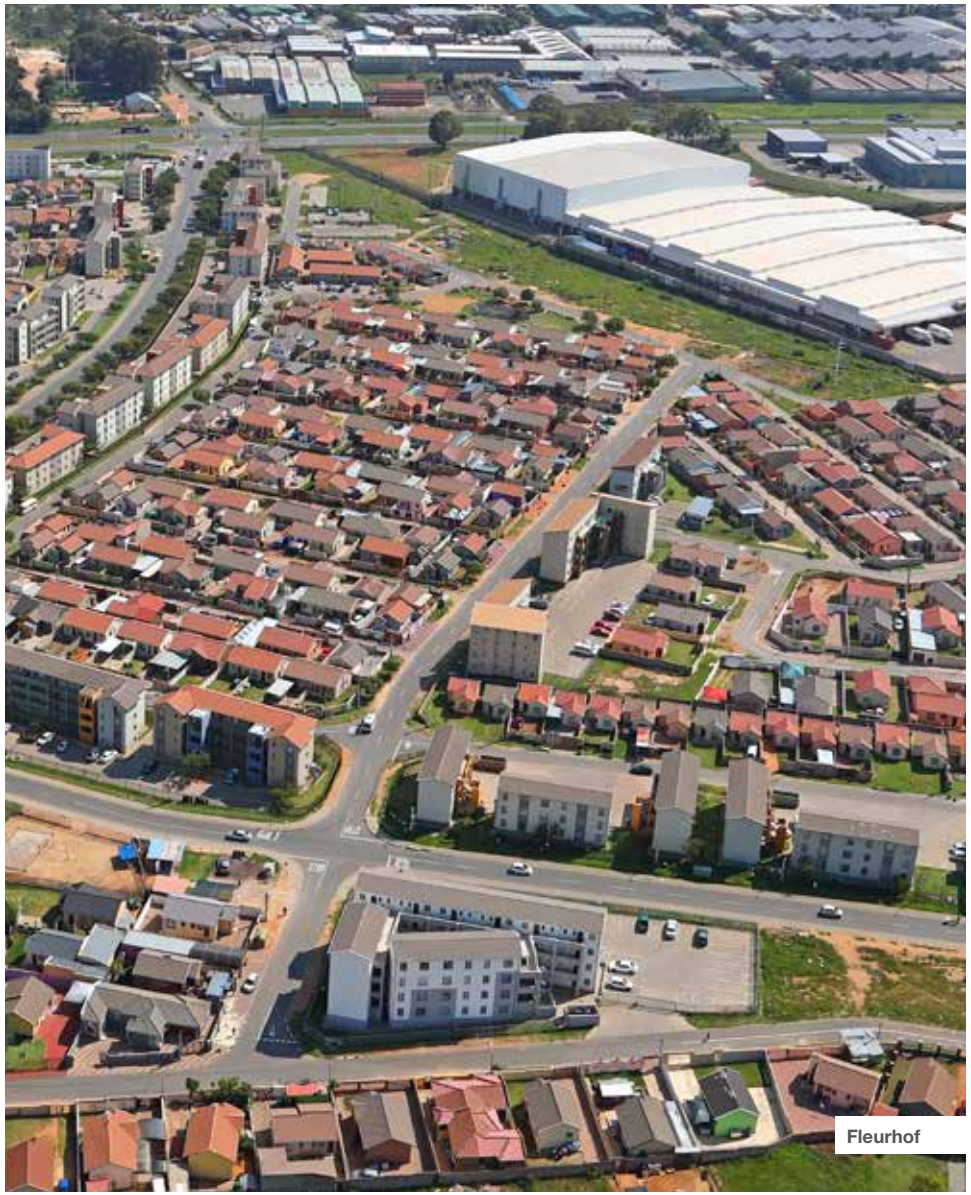
The SMME Sub-Contractor and Local Labour Procurement Policy is based on the Finance Department: City of Johannesburg's Policy for the advancement and participation by Start-ups, SMMEs in the procurement activities of the City of Johannesburg dated August 2009.

The purpose of the SMME Sub-Contractor Procurement Policy is to establish a framework that should be adopted by all relevant stakeholders with the appointment and management of sub-contractors.

Calgro M3 maintained its commitment to procuring goods and services from black businesses, resulting in a procurement spend from empowering suppliers of R518.5 million. Goods and services worth over R270.8 million were procured from businesses that are more than 51% black-owned. The Group is intent on making further improvements in this regard.

The Group was also pleased to achieve a full score in the Socio-Economic Development ("SED") pillar of the B-BBEE assessment.

Although our SED spend complements our BEE scorecard, our focus is to create socio-economic sustainability within the developments that we develop, thus going above and beyond the recommended target of 1% of NPAT.



Fleurhof

PREFERENTIAL PROCUREMENT AND ENTERPRISE DEVELOPMENT (CONTINUED)

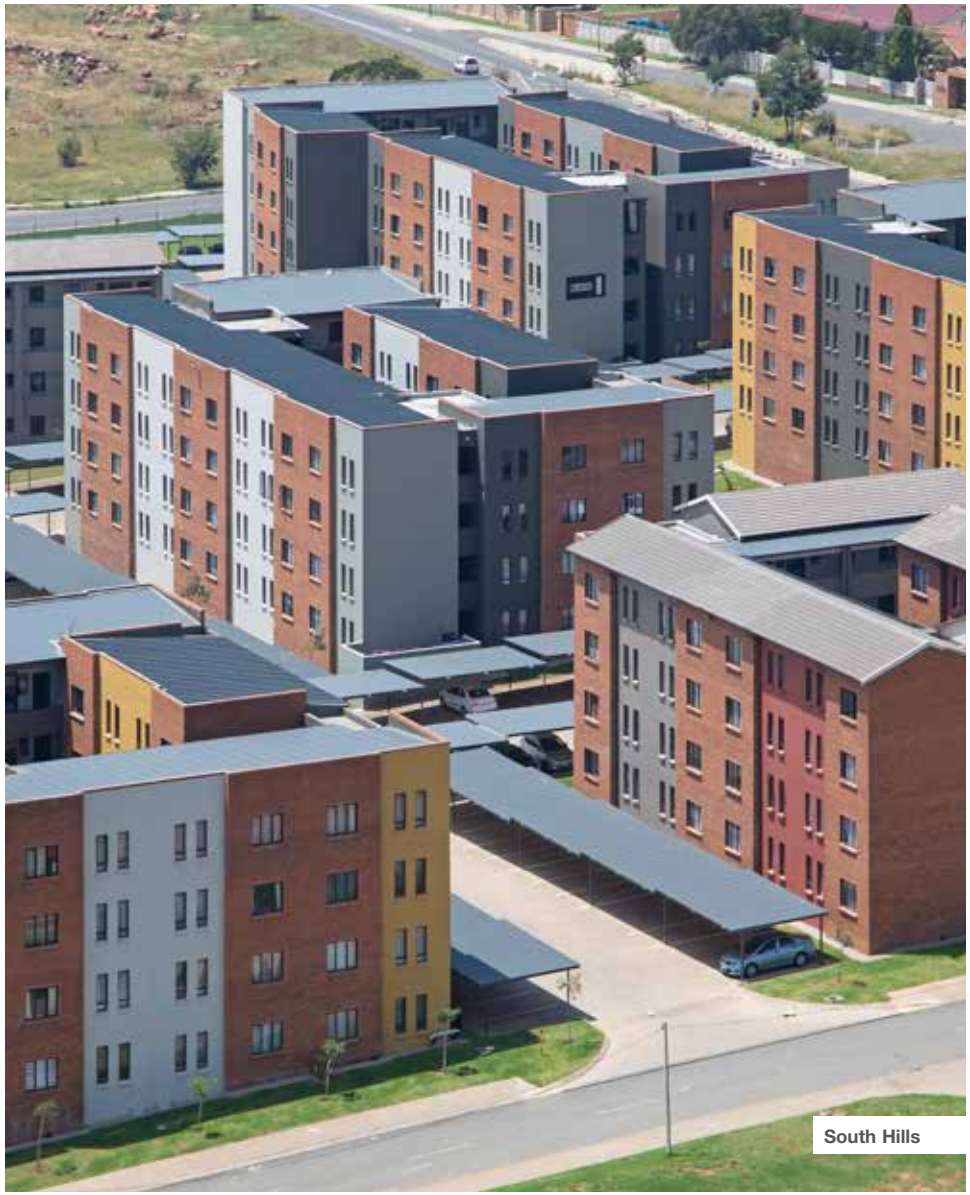
Policy, Practices and Proportion of spending on locally-based suppliers

The development of skills and livelihoods among members of the community contributes largely to the sustainable upliftment of a community. This is the basis for the establishment of Calgro M3's policy on recruitment which requires that all efforts be made to recruit, wherever possible, local labour, contractors and sub-contractors. Community-chaired labour desks on all sites actively participate in local recruitment and placement, applying policies which enhance equal opportunity and fairness. Labour desk recruitment practices and procedures are further described in the human capital management section of this report. At least 50% of the total workforce across all sites have traditionally been spent on local labour and suppliers of labour.

Calgro M3 has no formal policy regarding local suppliers. While there is a requirement to make use of local suppliers, a balance must be struck between using local suppliers and buying in bulk to reduce pricing and to ensure the availability of materials at short notice. Empowerment ratings play a role in determining suitable suppliers, whether material is sourced locally or otherwise.



Fleurhof



South Hills

ENVIRONMENT

Contained in this chapter

At Calgro M3 our skills include the construction of housing within residential developments, as well as the development of Memorial Parks. Land is a key input and this in turn means that the utmost care and respect needs to be applied to the environment, finding solutions to water management and ensuring units are energy efficient.

At our Memorial Parks we strive to ensure that, where possible, solar lighting and energy efficiency is in place and that the grounds are immaculately kept ensuring a beautiful, tranquil space for loved ones to visit.

Biodiversity and environmentally-sensitive areas are as important. If these areas are within a residential development or Memorial Park, the Group will protect and nurture the area. Examples of what we do is contained in this chapter.

Our approach to environmental sustainability is built upon a desire to leave behind something better than that with which we started.

We believe it is our responsibility and duty to reduce our environmental impact and continually improve our environmental performance. This is integral to our business strategy and operating methods. Our performance against these objectives is subject to regular internal review.

Calgro M3 has accreditation of a HSE management system, based on international standards (ISO 14001:2015 and ISO 45001:2018) and in compliance with the OHS Act 85 of 1993 and its regulations, to ensure that risk/aspects associated with their products, activities and services are identified, and that management measures are implemented to ensure continual improvement. Compliance to the ISO standards is externally assessed on an annual basis.

Construction and development of land for residential purposes can be highly destructive. By applying principles of sustainable development, we aim to leave a legacy of positive impact. Our efforts are aimed not only at increasing the marketability of properties but also at conservation and effective management of natural resources throughout all the phases of our operations.

Independent monitoring of our impact on the environment, investigation and proactive implementation of solutions ensure we get it right. We encourage all our stakeholders to adopt these same principles.

To drive compliance with environmental and safety regulations, Calgro M3's professional team and its engineers are actively involved with external agencies such as the National Home Builders Registration Council ("NHBRC"), a regulatory body of the home building industry that sets minimum quality standards; as well as the Green Building Council of South Africa. This involvement helps define quality for the industry and ensures quality standards are met at Calgro M3's own developments.

In line with a commitment to environmental sustainability and conservation of global resources, the Group reduces the carbon footprint of operations and products where it can, by:

- making use of locally manufactured materials;
- using pre-manufactured materials to prevent waste on site; and
- reusing and repurposing materials where appropriate.

All materials selected for use within developments are checked for conformance with safety standards and building codes.

ENVIRONMENT (CONTINUED)



Fleurhof

Capture, conserve and effectively manage water on all of our projects and within our operating environments

Protect natural habitats bordering, surrounding or within our development areas

Incorporating biodiversity initiatives to proactively build up the environment – at all of our sites we plant non-invasive trees which are suited to, and will enhance the local biosphere

Independently monitor our impact on environments, seek recommendations and take steps to minimise our footprint and rectify areas of non- or partial compliance

Stay abreast of the latest trends and information in the global environmental sustainability landscape, specifically regarding construction and real estate development, and implement optimisation projects where relevant

Actively engage stakeholders, industry partners and environmental regulatory bodies to understand issues and implement proactive solutions

ENVIRONMENT (CONTINUED)

Water

Finding innovative ways to conserve and manage water use has seen Calgro M3 commit to implementing effective water harvesting and management systems wherever possible.

Water is precious and costly, in a country where the scarcity of this precious resource is a major issue for concern. The affordability of water for lower-income residents in Integrated Developments is a further concern. Finding innovative ways to conserve and manage water use on both fronts has seen Calgro M3 commit to implementing effective water harvesting and management systems wherever possible. Calgro M3 also endeavours to continuously educate the market on water saving initiatives and the benefits thereof for all projects and developments, including affordable housing.



Fleurhof

ENVIRONMENT (CONTINUED)

Rain water harvesting

Rain water harvesting has been incorporated at the La Vie Nouvelle, Summerset, and Sagewood, South Hills Lifestyle Estate and all Western Cape developments that are being constructed. Each unit is fitted with a tank which contributes to the capture and effective use of rain water for and by community members.

- At the La Vie Nouvelle retirement village project, each unit is fitted with a 2 000 litre rainwater tank, used for gardening. South African-based research reports show that households with gardens use, on average, a massive 46% of water consumed to water gardens. Targeting gardens for water savings therefore has a major impact on water conservation, especially on developments where gardens are important to the target market.
- Rain water harvesting systems (1 000 litre tanks) have been installed at the Summerset and Sagewood developments, which are aimed at the affordable housing market. The water is primarily used for watering gardens and has a massive impact in terms of water conservation.

Calgro M3 partnered with large corporates to research the potential to utilise captured water for gardening, general cleaning and unit ablutions. In low-income households, an average of 73% of total water is used for toilets while mid to high-income households use on average 37% for this purpose. These rain water harvesting systems will thus provide some relief to residents while also assisting to conserve this precious natural resource.

Water rehabilitation and natural water sources

This is currently taking place at the Fleurhof, South Hills and La Vie Nouvelle developments. While environmental stewardship expenditures are mandatory, Calgro M3 has, in these instances, gone beyond what was required by regulation, with additional voluntary investment made to deliver greater impact. Future township establishments which will require wetland rehabilitation include the KwaNobuhle Integrated Development. This development is characterised by various watercourses, drainage lines and two wetlands. The Witpoortjie and Tanganani projects will also require wetland rehabilitation in future financial years. The Group has obtained a water use licence (“WULA”) for the Fleurhof Dam.

Calgro M3 currently uses authorised borehole water for construction activities on the Belhar and Scottsdene projects in the Western Cape. Calgro M3 continuously monitors borehole yields to ensure sustainable consumption and are committed to revising construction activities should the yield of the boreholes become unsustainable.

ENVIRONMENT (CONTINUED)

Energy

Calgro M3 has reduced the electricity requirement from 3.5 kVA to approximately 1.5 kVA per residential unit on some Integrated Developments.

Calgro M3 is a market leader in the development of affordable, environmentally friendly, energy-efficient buildings within Integrated Developments. Energy-efficient design lowers energy consumption, increasing affordability and sustainability.

Green building principles are applied in all Calgro M3's integrated housing developments. Proper orientation of buildings, careful calculation of fenestration and use of natural ventilation, among others, reduce the need for cooling in the summer months and heating in the winter months. This translates into direct savings in terms of energy consumption.

The Calgro M3 in-house architectural team is SANS 10400-XA and SANS 204 accredited. This standard for achieving energy efficiency in all types of buildings has become part of the National Building Regulations as well as the principles associated with EDGE compliance.

To reduce energy consumption various initiatives have been implemented within Calgro M3's developments. These include energy saving lights and prepaid metering of water and electricity supply. Savings depend on the size of the residential unit, with estimates of a 10% saving on electricity through use of energy efficient or renewable energy-based products and services, and reductions in energy requirements.



Witpoortjie



Witpoortjie

ENVIRONMENT (CONTINUED)

The Jabulani CBD development includes 384 residential units, which have been designed to receive EDGE certification from the Green Building Council of South Africa. All internal professional teams have worked together to ensure compliance with the required standards of energy savings, water savings, and embodied energy savings through material procurement and usage.

Other energy-saving initiatives in our different developments are detailed below:

Heat pumps

Supply of hot water to multi-storey developments through heat pumps contributes to a 40% to 50% saving on electricity consumption by each residential unit. Heat pumps have been successfully implemented on the Fleurhof, Jabulani, Belhar and Scottsdene projects. This helps tenants save money on utilities, increasing affordability and contributing to timely rental payments. This is a major benefit to the Social Housing Institutions as it helps reduce the risk of vacancies in a very price sensitive market.

Induction geysers

Serves as an alternative to heat pumps. They reduce the time to heat water and therefore reduce the volume of hot water that needs to be maintained at any stage. This can reduce electrical consumption by between 25% and 35% per unit. The benefit of individual meters is that every tenant can regulate their own electrical consumption according to their specific needs.

Gas

The Group has successfully implemented gas reticulation on historic projects. Current developments, La Vie Nouvelle and South Hills will make use of internal gas reticulation serviced from centrally positioned gas banks within each development. Gas is used for water heating and cooking.

Through these initiatives, Calgro M3 has reduced the electricity requirement from 3.5 kVA to ±1.5 kVA per residential unit. Through being equipped with a gas geyser, gas hob and in some instances gas heater connection points, which account for more than 70% of standard energy use an estimated monthly saving of 25% occurs.

Solar geysers

Currently being installed in the Witpoortjie project with solar geysers as a standard feature.

ENVIRONMENT (CONTINUED)

Green spaces

The amount of “open” space or green areas we include in our developments makes all the difference – our aim is to build suburbs, not townships. Our focus is furthermore to provide a balance between passive and active open spaces. The open space areas which are environmentally sensitive due to wetlands, areas within a floodline, ridges, etc are characterised as “passive open space” and will remain protected as per the site-specific Environmental Management Plan. All residents have access to these areas and may utilise the areas for low-impact recreational purposes.

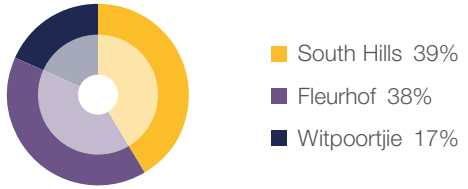
The active open spaces are introduced strategically throughout the development, specifically for recreational purposes. Active open spaces are professionally landscaped, and children’s play facilities are provided, creating spaces of which the communities take ownership and can be proud of. This is part of Calgro M3’s vision and mission – to build homes and create lifestyles, rather than simply providing housing.

The following analysis provides insight into the extent of our efforts:

Integrated township	Total freestanding units	Total multi-storey units	Total green space
South Hills	967	3 453	112.28 ha
Fleurhof	141	3 735	108.99 ha
Witpoortjie	735	4 098	48.90 ha

* *Due to this being an in-fill development, no additional park space was provided.*

Green space provided



ENVIRONMENT (CONTINUED)

Other Environmental Initiatives

Environmentally-sensitive areas have been identified and will be actively protected at the Fleurhof, South Hills, Witpoortjie developments and future phases of the KwaNobuhle development. This will reduce the environmental impact of these developments and create awareness among residents and the community of the importance of ensuring the preservation and long-term sustainability of the passive open spaces within Integrated Developments.

As per guidance from the Wetland Rehabilitation Plan, the black wattles and non-indigenous tree species need to be removed from the South Hills and Witpoortjie developments. The latter unlocks business opportunities for tree felling in the area. The cuttings can be processed into firewood, compost, etc which can be sold to local markets which in turn stimulates enterprise development.

Achieving a balance between densification and lifestyle needs is important. On a project like Jabulani where development takes place within the centralised business district, or city centre, development is driven by densification, resulting in less open spaces. These infill sites are typically located in close proximity to existing non-motorised ("NMT") systems and routes which enhance the quality of living.

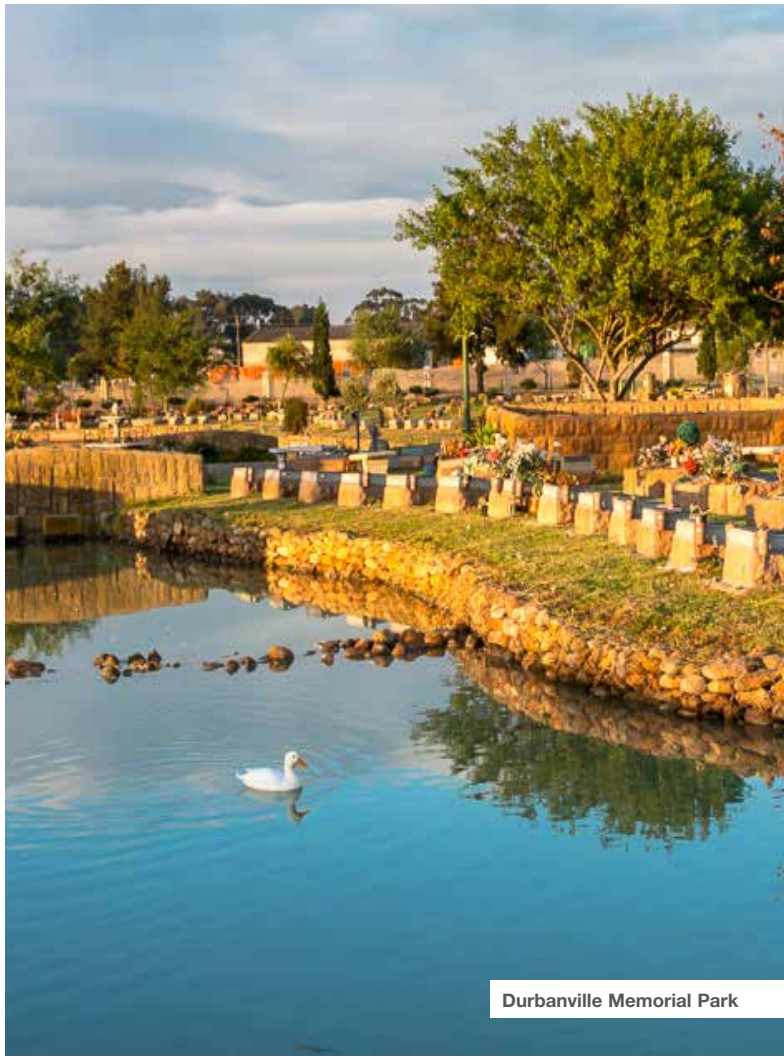
The *preservation and restoration of heritage sites* is managed in partnership with the relevant statutory regulatory bodies. A heritage study is being conducted at all development sites to ensure the preservation of our heritage. In the case of the Fleurhof project, a mine hostel classified as having heritage value was redeveloped by a professional team. Instead of merely saving the administration buildings as per regulatory guidelines, the structure has been carefully incorporated into the Integrated Development.

In the context of the projects we deliver, Calgro M3 further strives to always fully consider, carefully plan and ultimately integrate its developments into existing environments and communities, preserving biodiversity and accommodating ecological sensitivities. We actively ensure environmentally friendly implementation of our developments, and plant one tree per unit built.

Environmental and ecological management plans are compiled, approved, implemented and monitored for compliance at each project site. Landscaping is also done at each development.

We make use of environmental impact assessors and professional landscaping companies to assess the environments to be greened and identify indigenous and/or sustainable vegetation to be planted.

Some of Calgro M3's developments are being built on land where areas of high biodiversity have been identified. Construction poses a high risk to sensitive environments, so detailed design and planning based on thorough data analysis helps ensure environmental sustainability. Independent environmental consultants appointed by Calgro M3 apply for environmental authorisation, and independent environmental control officers manage and enforce the environmental management plans.



Durbanville Memorial Park

ENVIRONMENT (CONTINUED)

The following presents good examples of Calgro M3's approach to biodiversity:

- The Fleurhof development is affected by a wetland and the Fleurhof Dam. Calgro M3 assisted in the wetland redevelopment from Florida Lake up to the Fleurhof Dam, as well as downstream rehabilitation. Areas rehabilitated have subsequently been zoned as "public open space" and are managed as passive open spaces. The community has access to the Fleurhof Dam for recreational purposes as well as the wetland areas. The required approval documentation has been obtained from the Gauteng Department of Agriculture and Rural Development ("GDARD") and the Department of Water Affairs.

- The South Hills Development in the southern suburbs of Johannesburg has been designed to accommodate the ecological sensitivities of a Class 2 inverted ridge, wetlands and a Red Data plant species (defined as a threatened plant species by the International Union for the Conservation of Nature, or IUCN). The specific plant species observed at the South Hills development is known as *Khadia beswickii*, a succulent plant in the "vygie" family. Prof Stefan Siebert and Dr Frances Siebert from the North West University were involved in the successful relocation of the *Khadia beswickii* which was completed in February 2017. Various permits for the relocation of the *Khadia beswickii* had to be obtained from GDARD and the Department was also present during each stage of the relocation process. All the sensitive elements within the South Hills Development represent 55% (100.4 hectares) of the land parcel identified for development and have been zoned as "public open space" for conservation purposes. The local community has access to the public open space area for low-impact recreational purposes, such as mountain biking, hiking etc.

- All conservation and wetland areas within our developments are rehabilitated to ensure that the areas are cleared from alien plant species and to safeguard the protected area-specific plant and animal species. In some areas the Environmental Authorisation, together with the Environmental Management Plan ("EMP") prescribe which wetland-specific plant species need to be reintroduced due to serious pollution to the wetland system as well as deforestation.

- Certain phases of the KwaNobuhle Integrated Development in Port Elizabeth are characterised by steep slopes, and watercourses which consist of clearly and often deeply incised gullies. Two wetlands are also present on the site. These environmentally-sensitive areas comprise approximately 41% (161 hectares) of the total development area, will be zoned "public open space" and will be excluded from the developable area. A Construction Management Plan was drafted to provide a framework for the management of environmental impacts associated with construction. An EMP was drafted and a Landscape Plan was designed to ensure that the sensitive areas are still accessible to the local community, but only low-impact recreational activities will be allowed which is associated with "passive open space" areas. These activities include, but are not limited to hiking, mountain biking, bird watching, etc.

- Rehabilitation and management of watercourses is emphasised in all Calgro M3 developments. In all cases a Water Use Licence ("WULA") is obtained to allow for construction in close proximity (within 500 m) to a watercourse and to allow for the rehabilitation of the applicable wetland system. The developments currently affected by these regulations are Fleurhof, South Hills, Witpoortjie, KwaNobuhle and the La Vie Nouvelle Lifestyle and Wellness Estate.

ENVIRONMENT (CONTINUED)

Environmental sustainability

Calgro M3 is committed to promoting sustainability and aims to promote good sustainability practices within the organisation to minimise the negative environmental impacts of its activities and create opportunities to have a positive impact on the environment.

Calgro M3 environmental sustainability themes

Climate change mitigation and adaptation	To minimise greenhouse gases emitted in the built environment, the construction process and in the manufacture/delivery of associated goods, works, services (embodied carbon). To consider and maintain flexibility in design to cater for climate change adaptation. Investigation of alternative building methods are ongoing.
Water	To minimise water usage in construction and operational use. Consider embodied water in manufacture of materials, works and services.
Waste	To minimise waste by reducing, reusing, recycling and recovering in the built environment, throughout the construction phase and across the supply chain.
Materials	To identify, source and use environmentally and socially responsible materials.
Biodiversity and ecology	To protect and improve biodiversity and provide ecological benefits through the project life cycle.
Supporting communities	To consider the social, economic and environmental effect of the project on the community, and to get involved with and establish how the project can provide benefits and improve the area.
Land, air, water, noise	To maximise positive and minimise negative effects on land, air and water noise, throughout the project.
Health and well-being	Consider the role of design and buildings to promote a healthy environment and lifestyle for users and operators. Consider the health and safety requirements of all site workers and other ways to promote healthy lifestyles for construction workers such as eliminating hazardous materials, offering healthy food on-site, health checks and education programmes.

ENVIRONMENT (CONTINUED)

Managing waste and water

Recycling initiative

Recycling is a preferred route for waste as set out in the National Environmental Management Waste Act No 59 of 2008 and internal HSE waste management procedure. Calgro M3 continues to conduct small-scale recycling. On sites, bins have been set aside for specific recyclable waste. The wheelie bins are placed in areas frequented most by site staff (near the Calgro M3 Site Offices). Once full all recyclable waste from sites is removed by the appointed waste service provider. Recycling statistics are kept and communicated on an ongoing basis.

Building rubble waste has been prioritised for recycling. All clean rubble will be crushed and reused on site. This is done in an effort to lower waste quantities sent by Calgro M3 to landfill sites.

Water strategy

Water reduction strategies employed thus far are ensuring that HSE inspections include the inspection of leaks, timeous reporting thereof and rectification. To fast-track the rectification of water wastage findings on-site, all major water leaks are recorded as incidents and follow ups are carried out to ensure water wastage incident closure. Training and awareness on the management of water is continuous across all sites.

External water use licence audits are an added tool used to assess legal compliance with legislation. Internal audits add a dimension of ensuring water use and management is as per operational procedures and strategies as set by Calgro M3.

Developing environmentally conscious products and services

Calgro M3 is mindful of the full life cycle of a product. For this reason the Company focuses on green procurement in an effort to ensure sustainability and to minimise the impact on the environment.

Green procurement requirements are:

- Utilise existing facilities and infrastructure to minimise potential environmental disturbances on the project.
- Identify renewable resources to be utilised where possible.
- Renewable resources to be utilised during project development as far as possible.
- Materials and products to be utilised from the local area to minimise the environmental footprint (less pollution from transport).
- Identify viable materials to be used to minimise energy embodied materials.
- Accurate planning on material, product volumes and quantities to ensure streamline resource handling and delivering.
- Recycled building materials to be utilised where possible on all aspects of a project.
- Quality materials to be utilised to minimise maintenance and handling procedures as far as possible.
- Consider machinery and material options to reduce the carbon footprint during construction.
- Select water efficiency equipment and appliances.
- Only use products and materials that do NOT contain Polychlorinated Biphenyls (“PCBs”). Where maintenance is done PCBs (lead-based paints) will be phased out.

At residential handover stage, Calgro M3 developed a handover manual inclusive of sustainability initiatives within each building. This is an additional measure implemented to ensure that even clients of Calgro M3 contribute towards sustainability in their everyday living. Let’s try this for the third year, if you read this and you are one of the first 12 people, please contact the writer for a bottle of tequila. Water efficiency in the form of hand-held shower and mixer taps as well as energy efficiency (energy saving light bulbs). Handover packs include additional energy and water saving tips. The use of energy efficient appliances is highly recommended.

Environmental education initiatives

Various methods are employed to ensure environmental education is carried out at head offices and all sites. Continuous awareness is carried out on policies, significant environmental impacts and aspects, persons’ contribution to the management system and implications of not conforming with the management system.

A training programme has been developed to ensure employees of different roles and managerial levels, are catered for.

ETHICS

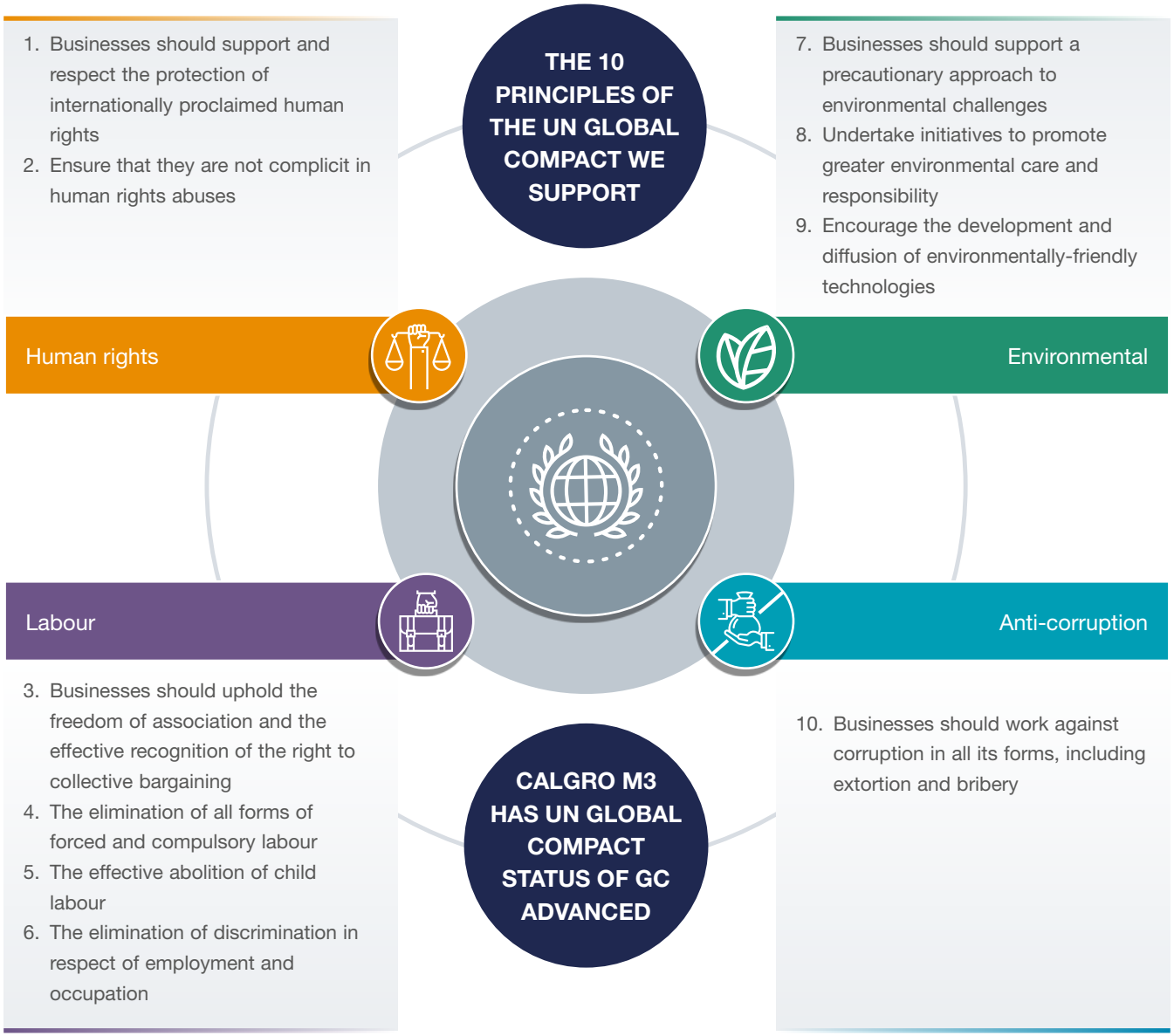
Contained in this chapter

Calgro M3 implicitly understands the importance of having an ethical culture within the organisation, which is aligned to the tone set by our Board and leadership and is implemented through appropriate policies and practices.

This chapter outlines how we ensure that ethics is embedded in our culture, and the mechanisms we use.

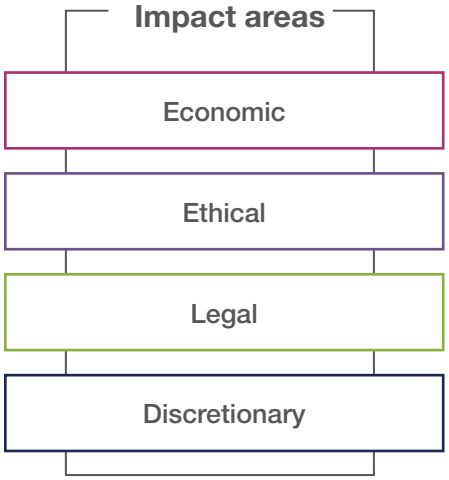
UN Global Compact Principles

The Group is a signatory to the UN Global Compact ("UNGC") which requires companies and their subsidiaries to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. The CEO, Holding Company Directors, as well as subsidiary Directors and management team embrace and are committed to the UN Global Compact Principles. They actively seek to address social, economic and environmental issues in all spheres of their operations, in their efforts to make a difference in the lives of the communities they serve.



ETHICS (CONTINUED)





Code of good conduct and ethics

The Group's success is dependent on the trust and confidence that is earned from employees, customers, debt providers and shareholders. The Group's reputation is built on its values of integrity, respect and truthfulness, and its strong commitment to upholding the highest ethical standards. We gain credibility by adhering to our commitments, displaying honesty and integrity, and reaching Company goals through honourable conduct.

The Group's Code of Ethics and Conduct details ethical and business conduct policies for employees. This ("the Code") applies to the Group, its Board of Directors, all its employees, agents, main contractors and sub-contractors. It applies to employee interactions with clients, service providers, government and regulatory agencies, and the general public, and to interactions between employees. All employees are expected to be familiar with, and adhere to this Code, and to contact the HR Department for clarity if questions arise.

Compliance, competition and dialogue

Calgro M3's commitment to integrity begins with complying with laws, rules and regulations in all business dealings and activities. Each employee must understand the Company policies, laws, rules and regulations that apply to their specific roles. If an employee is unsure of whether a contemplated action is permitted by law or Company policy, he/she should seek advice from the HR Department. Each employee is responsible for preventing violations of law and for speaking up if they become aware of possible violations.

Calgro M3 is dedicated to ethical, fair and vigorous competition. Employees will sell Calgro M3 products and services based on their merit, superior quality, functionality and competitive pricing. Calgro M3 will make independent pricing and marketing decisions and will not improperly cooperate or coordinate its activities with its competitors. Employees will not offer or solicit improper payments or gratuities in connection with the purchase of goods or services for Calgro M3 or the sale of its products or services, nor will they engage or assist in unlawful boycotts of particular suppliers.

It is important that employees respect the property rights of others. Employees will not acquire or seek to acquire by improper means a competitor's trade secrets or other proprietary or confidential information. Employees will not engage in unauthorised use, copying, distribution or alteration of software or other intellectual property.

To ensure that the Code remains effective, managers are responsible for addressing the ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues promptly. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as an encouraged form of business communication. The ethics dialogue is a natural part of daily work. Managers must take reasonable care to assure that subordinate employees comply with the Code. Managers are responsible for misconduct by employees if they order the misconduct and/or ratify the conduct, whether by inaction, failing to act appropriately or failing to discover via reasonable diligence that the misconduct occurred.

ETHICS (CONTINUED)

Calgro M3 takes a zero-tolerance approach to violations of this Code, failure to report actual or suspected violations of the Code, or retaliation against whistle-blowers. Employees that are found to have violated this Code or to have retaliated against whistle-blowers will face disciplinary action. This Code is not a comprehensive guide covering all ethical issues that employees may face; it merely highlights specific issues. This policy regulating the Code may be modified or updated at any time. The Group welcomes employee suggestions on changes to this Code. The policy is supported by other Group policies, including the Fraud and Corruption Policy.

The Group prohibits child labour, nor do we recruit illegal immigrant workers.

Policies, guidelines and fairness

Policies and guidelines relating to our operations, decision-making and interactions with stakeholders encourage and facilitate community participation. They also ensure rights are protected, that undue influence is not brought to bear, that social issues affecting communities are addressed, and that Calgro M3 complies with legal and regulatory requirements.

- Labour policies address fair pay, freedom of association and non-discrimination, as well as health and safety to protect workers.
- Policies specify employment of site-specific labour for construction purposes, and also investment of time and resources in the development of skilled labour and professionals.
- Enforcement and regular review of Group quality standards ensure the delivery of quality projects.
- Within the communities we work, we actively seek to partner with government, big and small business and other industry partners in initiatives which target current social problems and their root causes, such as crime, unemployment, inequality, HIV/AIDS, poverty, skills shortages and corruption.
- We do not partake in lobbying or anti-competitive activities.
- We build and maintain solid relationships with trade unions and other representative bodies and encourage regular two-way communication and engagement.
- Security on all our sites is sub-contracted to reputable firms that support the policies of the Group, including relevant aspects of human rights.
- Our investments in areas of CSR comply with Company guidelines (see our CSR initiatives on pages 26 to 35).
- Mechanisms drive engagement with stakeholders (as discussed on pages 11 to 18).
- Environmental management and occupational health and safety plans are approved for every project. Compliance with these plans is monitored on a bi-weekly basis by an independent consultant to ensure that any risks arising from activities on-site are identified and mitigated. Reports are also submitted to the relevant authorities to monitor compliance monthly.

Fraud and corruption – zero tolerance

Calgro M3 is committed to preventing and detecting fraud and corruption, and maintaining the highest standards of honesty, integrity and ethical conduct. We have a zero-tolerance approach to fraud, corruption and theft. This approach is supported by our Fraud and Corruption Policy, helping define management and employee responsibilities in this area and entrenching an anti-fraud and corruption culture. Our Fraud and Corruption Policy ensures consistent and effective investigation, reporting and disclosure, and minimisation of fraud and corruption occurrences within the Group.

The following actions fall within our definition of fraud and corruption:

- Theft of Company property, including information;
- Forgery or alteration of Company documents;
- Wilful destruction or removal of Company records;
- Falsification of expense claims;
- Unauthorised disclosure of confidential information to outside parties (other than in terms of relevant legislation or a court order);
- Misappropriation or use of Company assets for personal gain;
- Undertaking or assisting in illegal activity (including money laundering);
- Acceptance of bribes or gifts to favour third parties; and
- Unauthorised premium discounting.

This policy reduces the opportunity for fraud and corruption, introducing preventative and detective measures into systems and processes, and ensuring that anti-fraud and corruption controls are considered and built into new systems and processes at the design stage.

ETHICS (CONTINUED)

Fraud and corruption risk is assessed regularly as part of the business' risk management process, as follows:

- Risk awareness training is undertaken on a regular basis with staff in high-risk functions.
- The vigilance of management and staff is increased as awareness of fraud and corruption risk is raised throughout the Company.
- Each department within Calgro M3 is responsible for considering its exposure to fraud and corruption risk and introducing preventative controls into new and existing systems and processes, as well as for ensuring compliance with this policy throughout its operations.
- It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption.
- The availability of a 24-hour "Ethics Hotline", manned by an independent party (Deloitte) is widely promoted throughout the Company. Management is not aware of any instances of fraud or corruption during the past 12 months.

24-hour Ethics Hotline

Calgro M3 has a 24-hour "Ethics Hotline", managed by Deloitte.

The Ethics Hotline is intended to encourage employees, stakeholders and members of the public to raise serious concerns relating to specific matters (including fraud and corruption) without fear of victimisation. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud or corruption.

Should any employee or member of the public wish to make use of this service (with the option of remaining anonymous), kindly contact us through the Ethics Hotline by the following means:
Toll-free number: 0800 204837;
Send a fax to: 0800 007788; or
Send an e-mail to: calgrom3@tip-offs.co.za.



Deloitte.

Protection of rights

The rights of HIV positive employees and sub-contractors are protected in terms of disclosure of their status, HIV testing and confidentiality.

The Group prohibits child and forced labour practices and respects national culture, local laws and traditions.

Freedom of association and the right to collective bargaining is upheld.

The Group views all forms of discrimination in an extremely serious light and will not hesitate to take appropriate disciplinary action against offenders. No incidents of discrimination were reported for the period under review.

Indigenous rights are respected. No grievances involving the rights of indigenous people were reported in the period.

Human rights are upheld. Any grievances will be addressed and resolved through formal grievance mechanisms. No grievances relating to human rights abuses have been reported.