NEPI ROCKCASTLE

KING IV PRINCIPLES

King IV principles

NEPI Rockcastle plc ('NEPI Rockcastle' or 'the Company' or 'the Group)
King IV Application Register In respect of the 2019 financial year

The Board recognizes the importance of sound corporate governance and endorses and monitors compliance with the voluntary and compulsory guidelines of the King IV Report on Corporate Governance in South Africa (King IV) and the JSE Listing Requirements. In line with King IV's 'apply and explain' approach, the directors disclose the extent to which NEPI Rockcastle applies the King IV principles to sustain value for stakeholders.

Leadership, ethics and corporate citizenship	
Leadership	
Principle 1	**The Board should lead ethically and effectively**
	NEPI Rockcastle is committed to ethical behaviour throughout its business, adopting the principles of integrity, competence, responsibility, accountability, fairness and transparency in order to offer effective leadership that achieves the Group's strategic objectives and positive outcomes over time. The Group's Corporate Governance Framework describes in detail the core principles that guide the Group and its Board. Members of the Board should individually and collectively cultivate the following characteristics and lead by example by exhibiting them in their conduct: **Integrity:** Directors must act in good faith and in the best interest of the organisation; Directors should avoid conflicts of interest. In cases where a conflict cannot be avoided, it should be disclosed to the Board in full at the earliest opportunity, and then proactively managed as determined by the Board while subject to legal provisions; Directors should act ethically beyond mere legal compliance; Directors should set the tone for an ethical organisational culture. **Competence:** Directors should take steps to ensure that they have sufficient working knowledge of the organisation, its industry, the funds it uses and affects as well as of the key laws, rules, codes and standards applicable to the organisation; Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision; Directors should continuously develop their competence to lead effectively. **Transparency and Confidentiality**: Directors should be transparent in the way they exercise their governance role and responsibilities; Directors shall respect the confidentiality of information acquired in their capacity as members of the Board and shall not disclose any such information to third parties without proper and specific authority or unless there is a legal or professional duty to do so. Confidential information acquired as a result of professional and business relationships shall not be used to the personal advantage of the Directors or any third parties. **Strategic oversight:** Non-executive Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into account business opportunities and the Group's risk appetite. In carrying out this oversight role, the Board actively engages in setting the long-term strategic goals for the organisation, reviews and approves business strategies, corporate financial objectives, financial and funding plans that are consistent with the strategic goals and monitors the Group's performance in executing strategies and meeting objectives. The Group Code of Conduct was approved by the Company's Board of Directors, and is applicable to all Directors, employees, consultants and contractors. The Code of Ethical Conduct was established to ensure that the Group operates ethically and based on commonly agreed principles.

The Corporate Governance Framework sets out the responsibilities of the Board as a whole, as well as the responsibilities of some key members, such as the Chairman of the Board, the CEO, the CFO. The Board Charter makes provision for the evaluation of the performance and effectiveness of the Board and its Committees. The performance of the Board, its Committees and individual Directors is evaluated annually, and the results are reviewed by the Nomination Committee or the Board. The performance and effectiveness of the Chairman of the Board is evaluated collectively by its members.

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

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

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

Directors are transparent in the manner in which they exercise their governance role and responsibilities.
Based on the Dealing Code and Dealing Policy approved by the Board, NEPI Rockcastle directors, executives and senior employees are prohibited from dealing in NEPI Rockcastle securities during certain closed periods, as notified by the company. Director's dealings in NEPI Rockcastle securities are timely communicated, based on the applicable JSE Listing Requirements.

Organisational ethics	
Principle 2	**The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture**
	It is the Board's responsibility to direct, govern and control the Group, while providing effective corporate governance and promoting an ethical corporate culture. The Board ensures that management cultivates a culture of ethical conduct through the establishment, approval and dissemination of the Code of Ethical Conduct and through the integration of ethical considerations into all Company's practices, procedures, policies and conduct. The Board delegated to management, through the CEO, the implementation of the Code of Ethical Conduct, while providing oversight over effectiveness of implementation, ensuring a sanctioning mechanism is in place for gross non-compliance and monitoring adherence of all employees.

The following general rules apply in relation to the Code:

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

The Code of Ethics addresses in detail the conflict of interest topic and management conducted a campaign in 2019, in order to collect all potential conflicts, address them with recommendations, raise employees' awareness of risks deriving from conflict of interest and reporting requirements.

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

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

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

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

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

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

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

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

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

Awareness campaigns are organized with the collaboration of various functions within the Group, in order to remind periodically these policies, train employees and enforce the Code of Ethics provisions.

The Group does not support any political parties (no payments, donations or any other in-kind benefits are offered) and does not get involved in political issues of the countries it operates in. The Group does not engage in political lobbying activities and is not part of any professional organization established for lobbying purposes.

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

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

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

The Whistleblowing policy and reporting channels are communicated proactively to all employees by management on an annual basis and are available also on the Group's website.
The summary of all tip offs received, including types of misconduct, procedures performed and conclusions, is traced and reported periodically to the Audit Committee. Tip offs are investigated following a plausibility check by Internal Audit, while the reports together with conclusions and recommendations are reported to and discussed in the Audit Committee.

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

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

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

Directors are responsible for ensuring the Group's corporate citizenship on an ongoing basis and to set the direction for how the achievement of this corporate citizenship is to be approached and addressed. This is done to ensure that the Group's efforts in this regard are in compliance with all applicable laws, leading standards and its own codes of conduct and policies.

Responsible corporate citizenship	
Principle 3	**The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.**
	The oversight and monitoring of the Group's corporate citizenship is performed against measures and targets agreed with management in relation to the workplace, the economy, society and the environment. The Board assumes overall responsibility for sustainability by approving the sustainability strategy, therefore the overall direction to ensure that the Group is a responsible citizen. The Board appointed the Social and Ethics Committee to oversee and report on the Group's organisational ethics, responsible corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, taking into consideration the impact of the Company's activities and of its products or services), and sustainable development and stakeholder relationships. The Social and Ethics Committee monitors and reviews the Company's standing and promotion of good corporate citizenship, which includes ensuring that: • stakeholder interaction is constructive and in support of business objectives; • employee health and workplace safety are pro-actively managed to achieve workforce well-being; • the impacts of the Company's operations on the environment are managed to minimise and mitigate negative outcomes; • human capital is managed to improve people's ability to achieve their objectives; • business operations comply with relevant laws and regulations; and • principles of corporate governance are adhered to. The Committee is supported by the CEO and Executive Directors and is authorised by the Board to investigate any activity within the scope of its terms of reference, interact with employees and obtain external professional advice in conducting its duties. The Group defined its sustainability strategy based on the following pillars: 1. Sustainable resource management - an initiative that focuses on lowering the negative impact on biodiversity, reducing the water, energy, gas consumption and emissions, better and sustainable waste management, in the attempt to improve both impact of consumption, as well as its efficiency. 2. Sustainability through green buildings – NEPI Rockcastle is continuously targeting an improvement process for its buildings and as a result, these are being certified at the highest sustainability standards in the real estate industry. This acknowledges the Group's commitment in having sustainable buildings, both during construction and in the operational stages. 3. Community Engagement – with a view of giving back to the communities and sustainable social development, NEPI Rockcastle strongly believe that the cornerstone of its sustainable strategy are the communities: partners, clients, visitors and all catchment areas inhabitants. 4. People and business integrity – as it's an integral part of the Group's culture, integrity is embedded in all its processes, ensuring compliance with laws and regulations and that all operations are being conducted according to the highest standards of business ethics. During 2019, the Group updated its sustainability strategy in order to reflect also the focus on its employees. NEPI Rockcastle's view is that the major component of running a business with integrity is the people that run the business, while an integer business will have a sustainable and fair approach to its human resources management processes.

	The four sustainability pillars were built based on identifying material issues following various types of engagement and interactions with major stakeholders categories throughout the year. The Group defined starting with 2017 a set of KPIs to monitor and measure performance for each of these areas. In order to prioritise better its efforts and use of resources towards building a sustainable and responsible organization, the Group has defined medium- and long-term objectives in order to meet the KPIs. The Group's Integrated Annual Report presents in detail the Group's sustainability strategy, approach and achievements during 2019. NEPI Rockcastle is highly committed to drive a sustainable business and to be a responsible citizen, and this commitment is endorsed by its Board of Directors. The Company is engaged and liaising with various international organizations in the ESG (Environmental, Social and Governance) sector, in order to continuously adapt its approach and implement best practices in this area. Seeking to be in line with international standards, the Group has permanently enhanced its ESG approach and disclosure policy, as part of the integrated Annual Report. NEPI Rockcastle adhered to top ESG standards and practices, providing reporting or operational guidelines.
	The Group is an integral part of the community in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally mandatory, but it is also an important component of the Group's commitment to the community and developing its good reputation. NEPI Rockcastle therefore is dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently. As part of its continuous improvement process and contribution to a better environment, in 2020 the Group is focused on aligning its strategy with the United Nations Sustainable Development Goals. The detailed sustainability report is an integral part of the Group's annual report.
Strategy, performance and reporting	
Strategy and performance	
Principle 4	**The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process**
	Responsibility for monitoring Group performance rests with the Board of Directors, who steers and sets the direction of the Group for the realisation of its core purpose and values through its strategy. The formulation and development of the Group's short, medium and long-term strategy, including policies and operational plans to give effect to this strategy, has been delegated to management, while approval needs to be given by the Board of Directors. Actual implementation and execution of approved policies and operational plans has also been delegated to management, with ongoing oversight against agreed performance measures and targets. Annually the Board sets out the strategic path for the company both for the year ahead and for the medium to long-term, which is aligned with the purpose of the Group, the value drivers of its business and the expectations of the stakeholders. Management reports on a quarterly basis at minimum to the Board on operational performance, at which point the Board also assumes the opportunity to consider and assess the strategic direction of the company.

During 2019, in terms of strategy and execution, the Board:
- Adopted the strategic plans for the Group;
- Ensured the timely execution of investment and development strategies;
- Steered the direction of the Group for realization of its core targets;
- Monitored the Group's operational performance compared to budget and forecasts.

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

Reporting

Principle 5	**The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects**

The Board of Directors approves management's determination of the Group's reporting frameworks and reporting standards to be used, taking into account legal requirements and the intended audience and purpose of each report. In particular, the Board oversees that the annual financial statements, annual report which includes besides financial and operational data the sustainability report, risk report, corporate governance report, remuneration report, comply with legal and stock exchange requirements and meet the legitimate and reasonable information needs of stakeholders.

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

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

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

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

Governing structures and delegation	
Primary role and responsibilities of the Board	
Principle 6	**The Board should serve as the focal point and custodian of corporate governance in the organization**
	NEPI Rockcastle's approach to corporate governance is based on the values and principles underpinning its activities, including Integrity, Competency, Transparency, Confidentiality and Accountability. The Group developed a detailed Corporate Governance Framework, approved by the Board. The framework covers the following 6 pillars: Board and Committees, Group Governance, Management mandate, Compliance and Ethics, Risk Management, Internal Audit. The Board of Directors exercises its leadership role by: • approving policy and planning that gives effect to the direction provided; • overseeing and monitoring implementation and execution by management; and • ensuring accountability for organisational performance by means of, amongst others, reporting and disclosure. The roles, responsibilities, membership requirements and procedural conduct including the governance responsibilities of the Board of Directors and its Committees are documented in the Corporate Governance Framework and Committees Charter, which are regularly reviewed, but at least annually, in order to guide effective functioning and be up to date and aligned with industry and market best practices. The Board is committed to applying the recommendations of King IV, complying with the JSE, Euronext Listings Requirements, and A2X, and adopting and applying relevant standards of best practice, always acting in the best interest of the company. In line with King IV's "apply and explain" approach, the extent to which NEPI Rockcastle applies these principles to create sustainable value for stakeholders over the short, medium and long-term is disclosed transparently and in enough detail. The Board believes the Group has established an effective framework and processes to comply with laws, codes, rules and standards. In the event that the Board or any of its Committees need to obtain independent, external professional advice or other types of professional services at the cost of the Group, on matters within the scope of their duties, the following principles will apply, as they have been established in the Corporate Governance Framework document, approved by the Board: • the procurement process will be transparent, objective and traceable; • the provider will be selected to achieve the best value for money; • the evaluation process may be driven by any of the Directors or the Company Secretary; • the Company Secretary is responsible for storing the documentation relevant for the selection process as well as the deliverables or other evidence of service performance as applicable; • the contract will be signed based on Group procurement guidelines. NEPI Rockcastle's governance framework and corporate governance practices are disclosed in the Corporate Governance section included in the Annual Report. The number of Board and Committees meetings as well as attendance records are included in the Annual Report, together with an assessment of accountability by the Board, where the Board reviews whether the whole Body is satisfied that it has fulfilled its responsibilities during the year according to the governance framework. The Board and its Committees considered their activity during 2019 and confirmed that they are satisfied that they have fulfilled their responsibilities in accordance with their charters and the corporate governance framework. This confirmation is included in the Annual Report 2019.

Composition of the Board	
Principle 7	**The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively** *Also applicable: JSE3.84(e): Categorisation of directors. JSE3.84(a): Balance of power and authority on the Board. JSE3.84(b): Appointment of CEO and Chairman. JSE3.84(i) and (j): Policy on the promotion of gender diversity on the Board. JSE3.84 (d): CV of each director standing for election or re- election*

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

Composition of the Board

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

A Lead Independent Director role has been defined. The Lead Independent Director has the following main responsibilities:
- lead in the absence of the Chairman;
- serve as a sounding board or trusted adviser of the Chairman;
- act as an intermediary between the Chairman and other members of the Board, if necessary;
- chair discussions and decision-making by the Board on matters where the Chairman may have a conflict of interest;
- lead the performance appraisal of the Chairman with the other non-Executive Directors, without the Chairman present.

The appointment of the Lead Independent Director was ongoing as of March 2020, and the Board expects to finalise such process by mid-2020.

The CEO, the CFO and an Executive Director responsible for Asset Management of the Group's properties are members of the Board.

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

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

There are no external advisors who regularly attend, or are invited to attend, Board Committees meetings.

The Group supports the principles of diversity at both Board level and on Group-wide basis. No voluntary target has been set, however the approach to gender diversity adopted by the Group is that as long as a vacancy on the Board arises, consideration will be given to the appointment of female Director(s), so as to attain and maintain a level of gender diversity within the Board that is considered appropriate at the time, having regard to the skills, expertise, experience and background required.

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

Across the Group, an open and engaging culture is maintained which ensures the Group is able to attract and retain a skilled and dedicated team of employees. The Group recognizes that a balanced gender workforce enhances its ability to meet its targets. Diversity related figures are included in the Annual Report.

NEPI ROCKCASTLE

Appointment of directors

Directors are appointed by the Board or by the shareholders. Board appointed directors need to be reappointed by the shareholders at the Company's next annual general meeting ("AGM").

Each year one third of the directors retire by rotation and stand for reappointment by the shareholders except for the first AGM when all directors must retire and stand for reappointment. Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the Nomination Committee.

Nomination, election and appointment of directors

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

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

Independence and conflicts

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

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

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

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

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

The following criteria, fully aligned with the corporate governance framework, have been used to assess the independence of the Board of Directors' non-Executive members in 2019:

Criteria 1: The Director is not a significant provider of funds to the Group

Criteria 2: The Director is not an officer, employee or representative of a significant funding provider of the Group.

Criteria 3: The Director is not a participant in the Group's share incentive scheme.

Criteria 4: The Director does not own shares in NEPI Rockcastle, which are material to the personal wealth of the Director.

Criteria 5: The Director has not been an executive of NEPI Rockcastle during the preceding 3 (three) financial years.

Criteria 6: The Director has not been designated as an external auditor of the Group or a key member of the external audit engagement team during the preceding 3 (three) financial years.

Criteria 7: The Director is not part of the executive management of another organisation which is a related party of the Group.

Criteria 8: The Director is not entitled to remuneration contingent on the performance of the Group.

If any of the criteria above is not met, the Director is considered non-independent

A non-Executive member of the Board may continue to serve in an independent capacity for longer than nine years only if, upon an assessment by the Board, conducted every year after the nine years, it is concluded that the member exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

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

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

a. The mix of knowledge, skills, experience and business acumen;
b. The mix of executive vs non-executive and independent vs non-independent members;
c. The need for a sufficient number of members that qualify to serve on the committees of the governing body.
d. The need to secure a quorum at meetings.
e. Regulatory requirements.
f. Diversity targets relating to the composition of the governing body.

The Board is actively recruiting a sixth independent Director, in order to further increase the independence at Board level.

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

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

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

The Nomination Committee provides leadership over Board succession planning and has implemented such processes and procedures as required to fulfil the committee objectives.
Directors are required to take the necessary steps to ensure that they have sufficient working knowledge of the company, its industry, the context of the economy, society and environment in which it operates, the capitals (financial, manufactured, intellectual, human, social and relationship) it uses and affects as well as of the key laws, rules, codes, and standards applicable to the Group.

Committees of the Board	
Principle 8	**The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties** *Also applicable: JSE3.84(c): Audit Committee, Remuneration Committee and Social and Ethics Committee. JSE3.84(g): Expertise and experience of the financial director.*

The following sub-Committees were set within the Board:

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

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

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

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

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

Each Committee annually assesses its effectiveness to ensure that it has effectively fulfilled its responsibilities as set out in its mandate. The Chair of each committee, in consultation with the committee members and senior management, develops work plans for the year, which provide a thematic view of the forward agenda and are intended to focus the committee on the most important aspects of its mandate with sufficient frequency. Each committee prepares a report regularly but at least on an annual basis of its activities over the previous year which it presents to the Board.

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

- Audit Committee
- Investment Committee
- Remuneration Committee
- Risk Committee
- Nomination Committee
- Social and Ethics Committee

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	Members of the executive and senior management, including the Executive Directors, are invited to attend committee meetings either by standing invitation or on an ad hoc-basis, to provide pertinent information and insights in their areas of responsibility. Other non-Executive members of the Board, including the Chairman, may attend committees meetings. The invitees do not have voting rights and may attend the meetings based on the invitation of the respective Committee Chair. Board and Committees attendance, as well as a description how the Committees discharged of their duties during 2019 are disclosed in the Annual Report. Committees responsibilities, required meetings frequency, mandate and access, are disclosed in detail in the Annual Report.
Evaluations of the performance of the Board	
Principle 9	**The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness**
	The performance of the Board, its Committees and individual Directors is evaluated annually, and the results are reviewed by the Nomination Committee or the Board. Directors are subject to evaluation before the Board proposes and shareholders agree their re-appointment in the AGM. The performance of the Chief Executive Officer, Chief Financial Officer and Executive Director is evaluated at least on an annual basis as well. The evaluation process is overseen by the Chairman of the Board. The process may be run internally or with support and facilitation from external advisers, as the Board may decide. The performance and effectiveness of the Chairman of the Board is evaluated collectively by its members. The evaluation process for 2019 covers the following overall dimensions: • Structure and composition of Board and Committees, including diversity and mix of skills; • Efficiency and transparency of operations, processes and routines; • Governance and compliance; • Board contribution to strategy definition and performance steering; • Board contribution to risk management and internal controls framework; • Board contribution to performance evaluation and compensation.
Appointment and delegation of management	
Principle 10	**The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities**
	Responsibility for the day-to-day operational management of the Group is delegated to Management. An Operational Mandate approved by the Board is in place, in order to ensure that the appointment of, and delegation to management contribute to role clarity and effective exercise of authority and responsibility. The Operational Mandate describes the roles and responsibilities delegated to management, in areas relevant to the Group, such as: investments and acquisitions up to a certain threshold, leasing / media sales, supplier contracts and payments authorization, finance, legal, human resources, staffing, information technology, ethics and compliance, interaction with authorities, legal, representation in from of third parties.
Governance functional areas	
Risk governance	
Principle 11	**The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives**
	The company treats risk as integral to the way it makes decisions and executes its duties. The Group's risk governance encompasses both the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on the achievement of its organisational objectives, and was approved by the Board. While the Board exercises ongoing oversight of risk management, the Group's risk governance function is delegated to the Risk Committee, with the responsibility for implementing and executing effective risk management delegated to management.

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	The Board is ultimately responsible for the strategic direction of the Group, and risk management is linked to the corporate strategy. The Board assumes overall responsibility for the governance related to risk management. The Board monitors and reviews all significant aspects related to the appropriate management of risks and opportunities. The Risk Committee must ensure that the risk management plan is appropriate and widely disseminated throughout the Group, is integrated into its day-to-day activities, that risk identification and assessment is performed on a continuous basis. Management is responsible for encouraging a risk-conscious business environment and embedding risk management activities within all processes, by integrating the needed mindset, appropriate internal controls and mitigating actions across all its processes, jurisdictions and operations. The Group's Legal Director carries the responsibilities of Risk Officer and is responsible to implement the risk framework across the organisation and to provide the adequate mechanisms for risk evaluation, collection, correlation at Group level. The risk management process is designed to identify, measure, prioritise, respond to and monitor the impact of both internal and external risks. Identified risks are evaluated in terms of potential impact and likelihood of occurrence. The monitored risks are categorized within the following major categories: Strategy, Financial, Operations, Legal, Regulatory and Compliance. The Group understands and proactively manages risks and opportunities being mindful of the approved Risk Appetite Statement, in order to optimise business returns. As part of its risk management activities, the Risk Committee assesses the residual risk for each of the Group's principal risk categories. Residual risk is determined based on the risk-mitigation plans implemented by management. If residual risk is not at an acceptable level according to the organization's risk appetite, the Risk committee may escalate the issue to the Board. The Board will instruct management to implement additional measures and will approve, if the case, resource reallocation in order to properly mitigate risks. Key risk areas in 2019 and mitigating actions taken by the Group are disclosed in the Integrated Annual Report.
Technology and information governance	
Principle 12	**The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives**
	The Board is responsible for the governance of and ongoing oversight of technology and information. The Board is responsible for the governance of and ongoing oversight of the internal controls, including information and technology, and its management thereof, and confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage. The Board oversees the IT processes in relation to compliance with relevant laws and risk related to the outsourced IT services, providing for business resilience, continuity and disaster recovery. Part of the IT processes are outsourced to third-party service providers and are governed by service level agreements. Compliance with the service level agreement is monitored by management and the terms are reviewed on a regular basis. The risks and controls over IT assets and data are considered by the Risk Committee. The Board also oversees the records management, information privacy and data quality.

	Through regular reports provided by management, the Board ensures that the Group's IT systems are integrated with the overall business strategy and processes. For this purpose, regular reports are provided to the Board in order to monitor that use of information technology results in: • integration of processes, people, technology information is seamless across the Group; • the information technology hard and soft infrastructure enables achieving the Group's strategy; • proper arrangements are in place for business continuity and disaster recovery; • proper security measures have been implemented to ensure confidential data is safely safeguarded and easily accessible while complying with the relevant cybersecurity, data protection or other applicable laws and regulations; • monitor the investments in information technology to enable the above; • responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security.
Compliance governance	
Principle 13	**The Board should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen**
	The Board appointed the Social and Ethics Committee to oversee and report on the Group's organisational ethics, responsible corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, taking into consideration the impact of the Company's activities and of its products or services), and sustainable development and stakeholder relationships. Setting high standard of compliance with applicable laws and adopted non-binding rules, codes and standards is the responsibility of the Board. Management is in turn responsible for implementing and executing effective compliance management, based on the standards and frameworks approved by the Board. Where the Group incurs material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, this will be disclosed to shareholders. A legal compliance framework is maintained and monitored, detailing applicable legislation across the following categories: • Property law • Employer-employee legislation • Tax legislation • Exchanges • Asset management • Company legislation • General legislation • Crime prevention legislation • General compliance risk Where required, external attorneys and counsel were consulted. If the Group would incur material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, this would be disclosed to shareholders. As of the date of this report, there were no material regulatory penalties, sanctions or fines for contravention or non-compliance with statutory obligations imposed on the Group companies or any of its directors or officers. The key compliance risks that the Group is facing and the mitigating measures and controls implemented are included in the Key Risks section of this Report. The Board approved specific compliance guidelines such as the Code of Conduct, the Whistleblowing Policy, the Dealing Code, while it was the task of top management to disseminate these and organize trainings on compliance-related topics.

The Group implemented an internal controls approach consisting of three lines of defence, as follows:

- the first line of defence, line management (Senior Management, Local management), is the function that owns risks and is responsible for operational processes within the Group. Line management defines guidelines, implements and executes internal controls, embeds risk management in day-to-day operations, compares performance against targets and KPIs and monitors achievement of those KPIs;
- the second line of defence has an oversight and compliance monitoring role, and consists of functions such as Compliance, Risk Management, Data Privacy. These functions are primarily charged with monitoring new laws, regulations and emerging risks and with providing support to management in ensuring compliance with laws and regulations. They monitor and facilitate the implementation of effective risk and compliance management practices by operational management and assist the risk owners in reporting adequate risk related information. The second line of defence functions recommend controls or risk mitigating measures to be embedded in the Group's processes, procedures and practices;
- the third line of defence, Internal Audit, provides independent assurance on the effectiveness of the internal controls and risk management activities, including on how the first two lines discharge their duties.

The Group is committed to preventing and deterring significant risks such as but not limited to:

- potential conflicts of interest;
- related party transactions which may not be transparent or at arm's length;
- confidentiality and observance of professional secrecy;
- incomplete financial reporting or communications;
- non-compliance with fiscal regulations within a complex tax environment;
- use of privileged information and insider trading;
- money-laundering and the financing of terrorism;
- non-adequate adherence to anti– corruption and anti-fraud rules;
- inefficient delegation of authority required to keep the right balance between flexibility, speed and span of control.

A risk-based approach, the proportionality principle and segregation of duties are embedded in all the policies and procedures rolled out at group level.

The Group implemented a comprehensive Procurement Policy and a supplier due diligence process, in order to ensure that responsible purchasing is conducted and that procurement decisions are in the best interest of the Company. Responsible purchasing is ensured at group level through:

- implementation of sound policies, promoting objectivity and transparency throughout
- the procurement processes, and continuous monitoring of compliance with policies;
- implementation of aligned requirements and controls in property management contracts to ensure that the same principles are applied by outsourced property managers;
- design of a detailed supplier risk assessment and due diligence when onboarding a new supplier and periodical revisions afterwards;
- win-win partnerships with the Group's suppliers, based on sustainable business practices, where the Group and its suppliers may thrive and grow.

The Group implemented a Leasing Policy, to ensure that tenant relationships are managed with professionalism and at high standards across the Group, and that internal controls are implemented, fostering transparency and enabling the achievement of the company's financial objectives. A risk assessment and diligence process is applied when onboarding new tenants, and periodical revisions are performed thereafter.

Remuneration governance	
Principle 14	**The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term** *Also applicable: JSE LR 3.84(k): The remuneration policy and the remuneration implementation report*

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Directors Remuneration

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

Directors' remuneration is periodically reviewed and changes are determined based on the above elements. Any significant changes in the remuneration policy is subject to the review and approval of the Remuneration Committee.

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

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

The Directors remuneration during the year is disclosed in the 2019 Annual Report which includes the Remuneration Policy and the Implementation Report.

Remuneration policy

The Group is also committed to support people management processes with a comprehensive and transparent Remuneration policy. The Group's remuneration policy was designed to deliver above market compensation for top employees, and enforce an excellence approach to performance, while creating value for shareholders. It is also meant to ensure differentiated reward packages for all employees, in line with their role, competence, performance and behaviour.

The Remuneration policy and Implementation Report have been approved in AGM in August 2019, with more than 75% of the present votes.

Assurance

Principle 15 — **The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports**

The Board has delegated responsibility for overseeing that arrangements for assurance services and functions are effective in:
(i) enabling an effective internal control environment,
(ii) supporting the integrity of information used for internal decision-making by management, the Board and its committee,
(iii) supporting the integrity of external reports,

to the Audit Committee, on the terms of reference set out above. The Board and its committees assess the output of the Group's combined assurance with objectivity and professional scepticism, and by applying an enquiring mind, form their own opinion on the integrity of information and reports and the degree to which an effective control environment has been achieved.

During 2019, the Audit Committee and the external auditor have communicated on all matters required by International Standard on Auditing No. 260 (Revised) "Communication of audit matters with those in charge with governance". In addition, the external auditor has communicated that in respect of JSE Listing Requirements Section 22.15(h):
- the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control inspection on the audit firm and on the designated individual auditor, during its previous inspection cycle;
- the auditors have provided to the Audit Committee the required inspection decision letters, findings report and the proposed remedial action to address the findings, at audit firm and individual auditor levels, and have confirmed that there have been no legal or disciplinary proceedings brought against either of the two within the past 7 years;
- the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

In accordance with best practice and the principle of direct, independent communication between the Audit Committee and the external auditor, the Audit Committee was provided with an independent report including significant auditing matters and auditor's observations relating to the internal control environment of the Group, and management's response. The Audit Committee reviewed the report and discussed directly with the external auditor the findings, and both have confirmed that all matters have been satisfactorily addressed by management. The external auditors also held private meetings with the Audit Committee, without any member of the management team present and had unrestricted access to communicate privately to the Audit Committee any issue they may consider.
The external auditor confirmed their independence to the Audit Committee in respect of: relationships between PwC and the Group, relationships and investments held by individuals employed by PwC related to the Group, employment of PwC staff by the Group, business relationships, other services provided by PwC to the Group, fees. The external auditor also confirmed there had been no contingent fees, no services granted by PwC to Directors and/or Senior Management of the Group, no gifts or hospitality. The auditor has additionally confirmed compliance of the firm and individual audit partners with all internal PwC independence requirements, rotation policies, as well as relevant regulatory and professional requirements including the Ethical Standard issued by the Financial Reporting Council, and have affirmed that their integrity, objectivity and independence have not been compromised.

The Committee is satisfied with the information received based on which it has concluded that PricewaterhouseCoopers LLC, the external audit firm, and Mr. Nick Halsall, the responsible individual, are independent of the Company and of the Group.

During 2019, the Audit Committee approved the Group Policy on the provision of non-audit services and preservation of independence by the Group financial auditor. The principles laid out are in accordance with the EU Regulation 537/2014 on specific requirements regarding the statutory audit of public interest entities. To safeguard the independence and objectivity of the financial auditor, the policy defines the types of non-audit services that the financial auditor may provide to the Group and the principles to be applied by management. Non-audit services are defined as any type of professional services which could be provided by the financial auditor of the Group, besides the audit of the financial statements of the Group and its companies (statutory and consolidated financial statements). The following non-audit services are considered prohibited and may not be provided by the financial auditor, except if otherwise approved by the Audit Committee, in advance of the commitment:

A. Tax services

1. Preparation of tax forms
2. Support with payroll taxes
3. Support with customs duties
4. Identification of public subsidies and tax incentives unless support from the statutory auditor or audit firm in respect of such services is required by law
5. Support regarding tax inspections by tax authorities unless support from the statutory auditor or audit firm in respect of such inspections is required by law
6. Calculation of direct and indirect tax and deferred tax
7. Provision of tax advice

B. Services that involve participating in the management or decision making of any Group company

C. Bookkeeping and preparing accounting records and financial statements

D. Payroll services

E. Designing and implementing internal controls or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial IT systems

F. Valuation services, including valuations performed in connection with actuarial services or litigation support services

G. Legal services, with respect to:
1. the provision of general counsel
2. negotiating on behalf of the audit entity
3. acting in an advocacy role in the resolution of litigation

H. Services related to the audit entity's internal audit function

I. Services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity.

J. Promoting, dealing in or underwriting shares in the audited entity

K. Human resources services with respect to:
1. management in a position to exert significant influence over the preparation of the accounting records or financial statements that are the subject of the statutory audit, where such services involve: a. searching for or seeking out candidates for such positions; or b. undertaking reference checks of candidates for such positions;
2. structuring the organisation design;
3. cost control.

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

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

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

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

The Audit Committee has considered and found the expertise and experience of the Internal Audit Director are appropriate for the position and the arrangements for the Internal Audit function are adequate to the size and complexity of the Group.

Stakeholder relationships	
Stakeholders	
Principle 16	**In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time**
	The Board exercises ongoing oversight of stakeholder relationship management, while responsibility for implementation and execution of effective stakeholder relationship management has been delegated by the Board to the Management. The Company's main stakeholders are considered to be its shareholders, bondholders, employees, tenants, suppliers, banks, analysts, authorities, communities. Management engaged actively during 2019 in communication with the major stakeholders of the Group. All major stakeholder categories are identified proactively by the Group. These are also included in the Integrated Report of 2019, together with a list with the key interactions between the management and such stakeholders throughout the year. NEPI Rockcastle has a transparent information communication policy, enabling stakeholders to assess the Group's economic value and prospects. The Company encourages proactive engagement with shareholders, including during the Company's semi-annual results presentations and annual general meetings, where Directors are available to respond to shareholders' inquiries on how the Board has executed its governance duties. The Executive Directors have regular discussions on operational trends and financial performance with stakeholders, where they believe this to be in the Group's best interests. However, no information is shared preferentially to some stakeholders, while not being available to all generally. Detailed feedback from these interactions is discussed at Board level. The Board is required by King IV to provide a fair, balanced and understandable assessment of the Group's position and prospects in its external reporting. The Board considers that this Annual Report and Audited Financial Statements, taken as a whole, meet all requirements and provide the information necessary for shareholders to assess the Directors' governance of the Group. The Group's website is the principal means of communicating with existing stakeholders and informing new or potential investors about the Group. The website contains the regulatory announcements and an archive of all published results and reports, press releases, factual details about the Group's assets and contact information for the operational teams within the Group.

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