



ACCOUNTABILITY AND SUSTAINABILITY

RISK MANAGEMENT REPORT

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT

SOCIAL AND ETHICS
COMMITTEE REPORT

ACTING SUSTAINABLY

ACCOUNTABILITY AND SUSTAINABILITY

RISK MANAGEMENT REPORT

Risk management is integral to our strategic management. We proactively manage risk to remain a competitive and sustainable business, enhancing our operational effectiveness and continuing to create value for the benefit of our employees, shareholders and other stakeholders in line with our growth strategy. The group's risk management framework is overseen by the audit and risk committee, which has an ongoing responsibility to monitor risk management processes by:

Identifying risk factors that may have a material impact on the business;

Formulating a mitigating response for each area of impact;

Monitoring progress; and

Reviewing identified risks on an ongoing basis and revising responses accordingly.

KEY RISKS AND EFFECTIVE MITIGATORS

1. Weak/negative economic growth

Risk: Macro-economic weaknesses could inhibit the self storage market's growth in line with our projections, resulting in reduced demand and lower income.

Mitigators:

- A 'needs' driven product for life-changing events which prevails in all economic cycles.
- A prime portfolio of properties.
- Focus on large economically resilient metropolitan cities where growth drivers are strongest and barriers to competition at their highest.
- Strong operational management and platform.
- Continuing innovation to deliver high levels of customer service.
- Strong cash flow generation, high operating margins, low gearing and conservative hedging policies.
- 18 500+ tenants spread across a geographically diversified footprint.
- Tested strategy development processes drawing on internal analyses, independent research and global trends and best practice.

2. Treasury risk

Risk: Adverse interest rate movements could result in the cost of debt increasing.

Mitigators:

- The group's policy is to fix approximately 80% of total borrowings, and we use swap instruments to hedge our interest rate exposure. At 31 March 2017, 82% of net borrowings were fixed for two-and-a-half years.
- Gearing remains low at 11.9% on a net-debt basis as at 31 March 2017. Our total undrawn borrowing facilities amount to R397 million.
- Executive management reviews our current and forecast projections of cash flow, borrowings, interest cover and covenants monthly.
- We are highly cash generative, and debt is serviced by our strong operational cash flows.

RISK MANAGEMENT REPORT (continued)

3. Property investment and development

Risk: An inability to acquire or develop new self storage properties which meet management's criteria may impact the growth of the portfolio.

Mitigators:

- The group has an acquisition pipeline through the Managed Portfolio.
- We have a pre-emptive right of acquisition over properties in the Managed Portfolio.
- We already earn management fees from 12 trading properties in the Managed Portfolio.
- Six additional development opportunities have been secured in the pipeline.
- The fragmented South African self storage market potentially provides acquisition opportunities.

4. Valuation risk

Risk: External market factors or poor performance may lower our properties' values.

Mitigators:

- Independent valuations are conducted by experienced independent, professionally qualified valuers.
- A diversified portfolio is let to a large number of tenants across a broad national footprint.
- Low levels of gearing provide enhanced headroom on valuations and significantly reduce the likelihood of covenant breach.

5. HR risk

Risk: Our people are critical to our success. Failure to recruit and retain employees with appropriate skills may lead to high employee turnover and loss of key personnel and, consequently, lower performance.

Mitigators:

- Competitive remuneration packages and financial rewards.
- Learning and development programme with performance reviews to develop employees to the highest potential.
- A culture where management is accessible at all levels and employees are encouraged to improve and challenge the status quo
- Ongoing communication to ensure an engaged workforce.
- A succession planning strategy including talent retention.

6. Utility costs

Risk: Significant increases in utility costs, particularly property taxes and electricity, may put pressure on operating margins.

Mitigators:

- Electricity and water usage is monitored monthly.
- We use external professionals to assist with monitoring and objecting to valuation revisions where necessary.
- We make use of energy efficient lighting, solar power and collect and re-use rain water for irrigation.

7. Credit risk

Risk: The group is exposed to tenants' credit risk which may result in a loss of income.

Mitigators:

- Customers are required to pay a deposit on move-in.
- Our diversified tenant base of 18 500+ tenants minimises any reasonably expectable material exposure risk.
- 70% of our current customers pay by debit order (certain commercial customers are permitted to pay monthly in advance by EFT, and a segment of the customer base was inherited in previous acquisitions where payment by debit order was not required).
- Clearly defined policies and procedures are in place to collect arrear rentals.
- A central team of collection specialists assists each store with arrears.

8. Compliance risk

Risk: The volume and increasing complexity of new and amended legislation often requires the reallocation of financial and human resources. Non-compliance may result in penalties, sanctions or reputational damage.

Mitigators:

- We engage with external specialists with appropriate skills where necessary.
- We hire suitably skilled and experienced employees.
- Finance and HR employees attend relevant training on a regular basis.

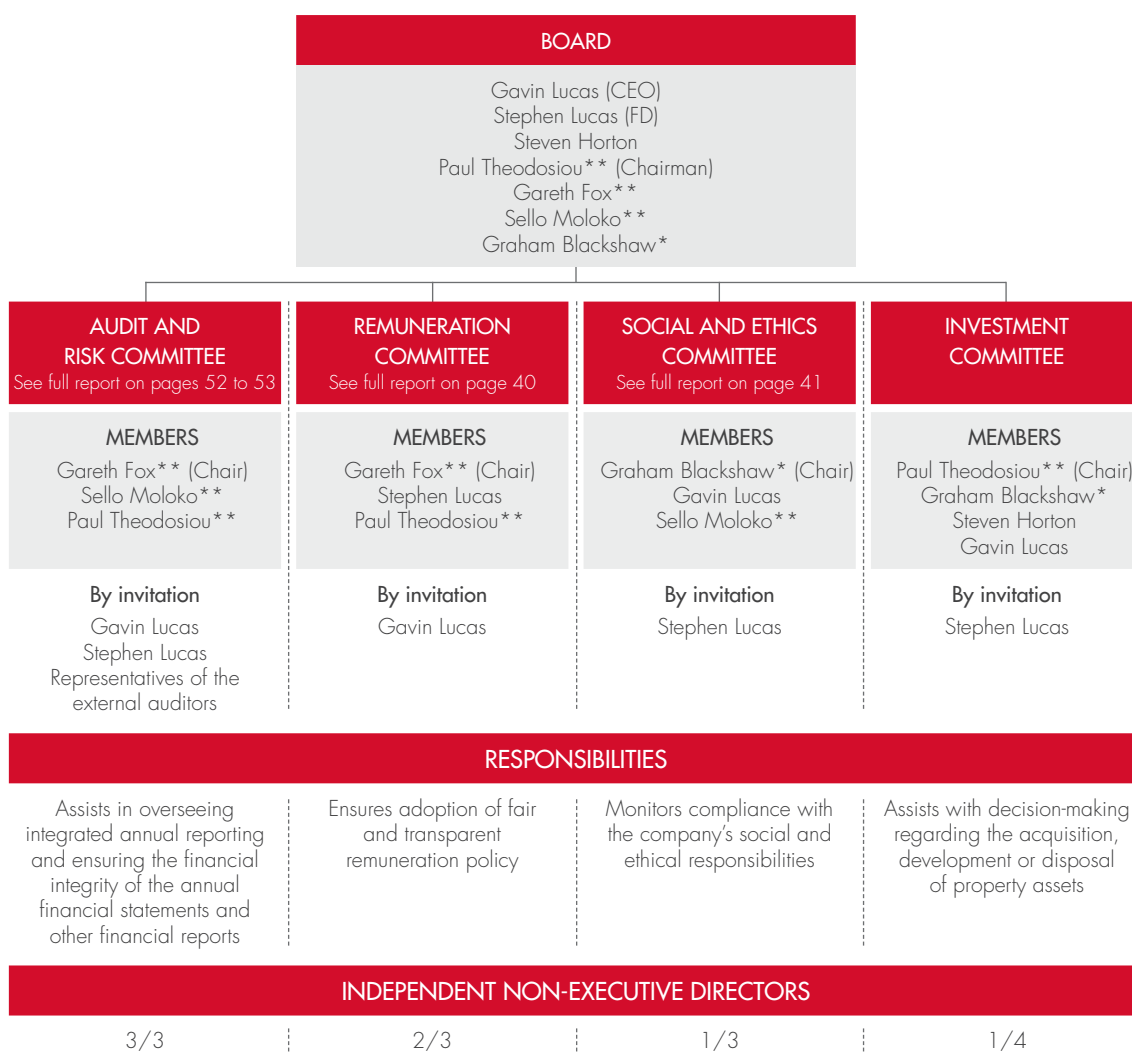
CORPORATE GOVERNANCE

Stor-Age is committed to sound ethical standards and the principles of corporate governance recommended in King III. The board is ultimately responsible for the group's governance and recognises the responsibility to conduct business according to the company's foundation principles of integrity, transparency, and accountability. It does this within an appropriate framework of governance and oversight to ensure stakeholder interests are safeguarded.

In regularly reviewing the company's governance structures, the board exercises and ensures effective and ethical leadership, always acting in the best interests of the company, while at the same time ensuring the sustainability of its business operations.

The company has therefore fully applied the recommendations of King III. As required by the JSE, the application of King III is set out in the annexures on pages 130 to 137, and it is also available on our website – www.stor-age.co.za.

GOVERNANCE STRUCTURE



* Non-executive director | ** Independent non-executive directors

CORPORATE GOVERNANCE (continued)

DIRECTORS

EXECUTIVE DIRECTORS



Gavin Lucas

Chief executive officer (CEO) – CA(SA)

An entrepreneurial property developer backed by an experienced management team of professionals with a range of skills including investment banking, finance, property and construction, Gavin founded the Stor-Age Group in 2005.

Leading the organisation by providing a common vision and mission, Gavin is responsible for the strategic direction of the group, coordinating plans to meet strategic goals, overseeing the overall operations and stakeholder engagement.

Stephen Lucas

Financial director – CA(SA); CFA

Stephen is one of the founding shareholders of Stor-Age and has worked alongside Gavin and Steven in developing the Stor-Age business since its inception.

Stephen focuses on the group's financial and operational management, human resources and developing and executing the operations strategy. He also has previous advisory experience in corporate finance and transaction support.



Steven Horton

CA(SA)

Steven is head of property, overseeing the procurement of all opportunities and the development planning, development and property management of the portfolio.

Steven conducted a significant amount of research in the US, UK and Australian self storage markets and spearheaded the completion of the first ever national research study on the South African self storage market in 2007.



INDEPENDENT NON-EXECUTIVE DIRECTORS



Paul Theodosiou

Chairman – CA(SA), MBA (UCT)

Partnering with NIB in the promotion and subsequent listing of Acucap Properties Limited on the JSE, Paul successfully led Acucap as CEO for close on 15 years prior to its merger with Growthpoint in 2015. He is a former partner of KPMG.



Gareth Fox

CA(SA)

Gareth is chief operating officer of Western National Insurance Company Limited. He originally completed his articles in financial services at PwC and thereafter headed up the regulatory reporting and tax teams at Santam. He has sat on the South African Insurance Association taxation subcommittee and the Financial Services Board's SAM discussion group.



Sello Moloko

BSc Hons, PGCE (Leicester), AMP (Wharton)

Sello is the co-founder and executive chairman of Thesele Group and has more than 24 years' experience in financial services. He is the former CEO of Old Mutual Asset Managers and former deputy CEO of Capital Alliance Asset Managers.

He is currently the non-executive chairman of Alexander Forbes Group Holdings Limited and Sibanye Gold Limited, and a non-executive director of General Reinsurance Africa. He is also a former director of the Industrial Development Corporation and listed companies Gold Fields, Makalani Holdings, Acucap Properties and Sycom Property Fund.

NON-EXECUTIVE DIRECTOR



Graham Blackshaw

BA LLB

A former lead development partner in the Faircape group of companies, Graham played an integral role in driving the formation of the Stor-Age joint venture between Acucap, Faircape and Stor-Age Property Holdings in 2010.

A qualified attorney, Graham practiced law at Herold Gie and Broadhead before joining the Cape of Good Hope Bank, where he went on to head up the Property Lending Division.

CORPORATE GOVERNANCE (continued)

THE BOARD

The board is ultimately fully responsible for the strategic direction, control and management of the company. To assist it in fulfilling these responsibilities, the board has appointed subcommittees, as set out in the governance structure on page 33. The board exercises control through a governance framework which includes the review and implementation of detailed reports presented to it and its subcommittees, and the implementation of a continuously updated risk management programme. The board is supported by appropriate internal governance practices and procedures that promote an efficient, objective and independent decision-making culture considering the interests of all stakeholders.

The terms of reference of the board and its committees deal with such matters as corporate governance, directors' dealings in securities, declarations of conflicts of interest, board meeting documentation and procedures for the nomination, appointment, induction, training and evaluation of the directors.

The board consists of an appropriate mix of individuals to ensure that there is an adequate level of knowledge, skills and expertise which enables them to contribute

meaningfully to the management of the company. It comprises seven directors; three are executive and four are non-executive directors, of whom three are independent.

At board level, there is a clear division of responsibilities and an appropriate balance of power and authority, so that no individual has unfettered powers of decision-making or dominates the board's deliberations and decisions. The board regularly reviews the decision-making authority given to management as well as those matters reserved for decision-making by the board.

The role and responsibilities of the chairman and the CEO are clearly defined and are distinct:

- The CEO is fully responsible and accountable for the overall operations of the group and implementation of the strategy and objectives adopted by the board.
- The independent chairman is responsible for ensuring proper governance of the board and its committees, ensuring that the interests of all stakeholders are protected and facilitating constructive relations between the executive and the board. The chairman is not the chairman of any other listed company.



Top (left to right): Graham Blackshaw, Sello Moloko, Gareth Fox, Paul Theodosiou
Bottom (left to right): Steven Horton, Gavin Lucas, Stephen Lucas

BOARD PROCESSES

Directors disclose their personal financial interests at the start of every board or committee meeting and are asked to recuse themselves from any discussions and decisions where they have a material financial interest. Quarterly board meetings consider strategic issues and key operational matters, approve financial results and budgets, monitor the delegated responsibilities and set risk parameters. At these meetings, the executives and the various committees provide feedback on key performance indicators, progress on strategic objectives and various other reports.

A written company policy on share dealings is in place, and formal notification is sent to all employees and directors upon commencement of a closed period.

The board has begun a self-evaluation which is anticipated to be completed by August 2017.

Directors are encouraged to take independent advice at the cost of the company for the proper execution of their duties and responsibilities. The board has unrestricted access to the external auditors, professional advisors, the services of the company secretary, the executives and the employees of the company at any given time.

Directors and committee members receive comprehensive information that allows them to properly discharge their responsibilities. The sponsor is responsible for ongoing director development.

The board functions as a nomination committee and, therefore, selects, appoints and approves new directors formally, transparently, and free from any dominance by any particular shareholder. New appointees are required to possess the necessary skills to contribute meaningfully to the board's deliberations and to enhance the board's composition in accordance with recommendations, legislation, regulations and best practice. An induction programme is provided for new directors by the company's sponsor.

A third of the non-executive directors must resign and stand for re-election at each annual general meeting. Details of directors making themselves available for re-election at the forthcoming annual general meeting are set out on page 55 of this report.

CORPORATE GOVERNANCE (continued)

BOARD AND COMMITTEE MEETINGS

The table below sets out the board and committee meetings held during the reporting period and the attendance at each:

Director	Status	Sub-committees	Meetings attended	Meetings eligible	% attendance	Board	Audit and Risk Committee	Social and Ethics Committee	Investment Committee	Remuneration Committee
Paul Theodosiou** (Chairman)	N-E	ARC; RC; IC	13	13	100%	4	3	n/a	5	1
Graham Blackshaw*	N-E	IC; SEC	11	11	100%	4	n/a	2	5	n/a
Gareth Fox**	N-E	ARC; RC	8	8	100%	4	3	n/a	n/a	1
Sello Moloko**	N-E	ARC; SEC	9	9	100%	4	3	2	n/a	n/a
Gavin Lucas	Ex	IC; SEC	10	11	91%	4	n/a	2	4	n/a
Stephen Lucas	Ex	RC	5	5	100%	4	n/a	n/a	n/a	1
Steven Horton	Ex	IC	9	9	100%	4	n/a	n/a	5	n/a
Actual attendance			65			28	9	6	19	3
Eligible attendance				66		28	9	6	20	3
% attendance					98%	100%	100%	100%	95%	100%

* non-executive director

** independent non-executive director

COMPANY SECRETARY

The board is assisted by a suitably qualified company secretary, Henry Steyn, CA(SA) who has adequate experience, is not a director of the company and who has been empowered to fulfil his duties. The company secretary advises the board on appropriate procedures for managing meetings and ensures the corporate governance framework is maintained.

The directors have unlimited professional access to the company secretary. Nothing has come to the attention of the board that indicates non-compliance by the company with applicable laws and regulations.

Given that the company secretary is not a director or an associate of a director of Stor-Age, the board is satisfied that an arm's length relationship is maintained between the board and company secretary.

The board will satisfy itself on an annual basis on the competence, qualifications and experience of the company secretary.

During the year, the board considered Mr Steyn's qualifications, experience and performance, and the board confirms that it is satisfied as to the competence, qualifications and experience of Mr Steyn as company secretary.

IT GOVERNANCE

The board believes that the IT governance policy is appropriate. It employs external specialists when considered necessary.

AUDIT COMMITTEE

The Audit and Risk committee's report can be found on pages 52 to 53 of this report. The committee has considered the JSE proactive monitoring report and this report was tabled at the meetings. Where appropriate the committee applied these recommendations.

MEET BUSI

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... I am amazed and humbled by how I have grown as a person at Stor-Age, especially for someone who didn't know what storage was when I joined the business. Working for Stor-Age has been a rewarding experience, the skills training offered continues to be a major contributing factor to my growth in the business. Stor-Age is not just a company, it's an extended family ...

”



Busi joined Stor-Age in 2014 as an Assistant Operations Manager at one of our flagship property's in Brooklyn, Pretoria. She later joined the team at Stor-Age Lyttelton ensuring continued success and has recently been promoted to Store Operations Manager at Stor-Age Garsfontein.

Busi Maswanganye
Store Operations Manager

REMUNERATION COMMITTEE REPORT

In line with best practice set out in King III, the board has appointed a remuneration committee. The committee has delegated authority to review and make decisions regarding the company's remuneration policies and the implementation thereof. The remuneration committee is mandated by the board to authorise the remuneration and incentivisation of all employees, including executive directors. In addition, the committee recommends directors' fees payable to non-executive directors and members of board subcommittees.

The terms of reference were formally adopted by the board, and the committee is responsible, among other things for:

- Overseeing the board's formulation, review and approval of the remuneration policy for employees and executives in line with the company's strategic goals;
- Assisting the board in ensuring the directors are fairly and responsibly remunerated;
- Recommending the proposed allocations in terms of the company's Share Purchase and Option Scheme to the board;
- Recommending the advisory adoption of the company's remuneration policy and non-executive directors' remuneration to shareholders;
- Approving executive directors' guaranteed pay and increases; and
- Approving non-executive directors' emoluments and increases for the next reporting period.

The committee members are set out on page 33 and their meeting attendance is set out on page 38. Other members of the board and external consultants may attend the meetings by invitation.

REMUNERATION POLICY

The company's remuneration policy seeks to attract and retain high-calibre, appropriately skilled employees and executives.

The company's Share Purchase and Option Scheme serves as a long-term incentive, and is designed to retain and reward both senior executives and employees at various levels of management in the organisation.

It allows selected individuals the opportunity to share in the success of the company and be incentivised to deliver Stor-Age's strategy over the long-term as well as create alignment between key employees.

Details of the awards made during the year are set out in note 25.4 to the annual financial statements and page 141 of this report.

NON-EXECUTIVE DIRECTORS

Non-executive directors do not have employment contracts and do not receive any benefits associated with permanent employment. The fees paid to executive directors in the reporting period are detailed in note 25.4 to the annual financial statements.

The proposed fees for the non-executive directors for the current financial year and the ensuing financial year are as follows:

	Proposed annual remuneration (Rand)	
	April 2016 to April 2017	April 2017 to April 2018
Board member	175 100	185 600
Audit and risk committee member	41 200	43 675
Social and ethics committee member	20 600	21 835
Remuneration committee member	20 600	21 835

Based on the current planned meeting schedule, the above fees total R1 million for the coming reporting period. The proposed fees will be tabled for approval by shareholders as required by the Companies Act at the upcoming annual general meeting.

Gareth Fox
Remuneration Committee Chairman
 13 June 2017

SOCIAL AND ETHICS COMMITTEE REPORT

In line with the requirements relating to social and ethics committees as set out in the Companies Act, King III and the criteria of the JSE's Socially Responsible Investing Index, the group has established a social and ethics committee. The committee acts on behalf of the board and is responsible for evaluating social and ethical responsibilities and making recommendations to the board thereon. The committee has all the functions and responsibilities provided for in the Companies Act. The committee members are set out on page 33, and attendance at meetings is set out on page 38.

TERMS OF REFERENCE

The duties and responsibilities of the committee are set out in a formal terms of reference which have been approved by the committee and the board of directors.

The main duties of the committee include:

1. Social and economic development including Stor-Age's standing in terms of the goals and purposes of the:

- 10 principles set out in the United Nations Global Compact Principles;
- Organization for Economic Cooperation and Development's recommendations regarding corruption;
- Employment Equity Act;
- Broad-Based Black Economic Empowerment Act;
- Property Sector Charter; and
- Department of Trade and Industry Codes of good practice.

2. Good corporate citizenship, including:

- Promotion of equality, prevention of unfair discrimination, and elimination of corruption;
- Contribution to development of the communities in the company's activities are predominantly conducted or within which its products or services are predominantly marketed;
- Record-keeping of sponsorship, donations and charitable giving;
- Values and ethics;
- Adherence to the code of conduct; and
- Overseeing the monitoring, assessment and measurement of the above.

3. The environment, health and public safety, including the impact of Stor-Age's activities and services, monitoring of and implementing recycling practices, reducing Stor-Age's carbon footprint, consumption of electricity, consumption of water and disposal of waste:

- Overseeing the monitoring, assessment and measurement of the company's activities relating to the environment and health and public safety

4. Customer relationships, including Stor-Age's public relations and compliance with consumer protection laws:

- Overseeing the monitoring, assessment and measurement of the company's consumer relationships, including advertising and public relations

5. Labour and employment, including:

- Stor-Age's standing in terms of the International Labour Organization standards on decent work and working conditions;
- Stor-Age's employment relationships, and its contribution toward the educational development of its employees; and
- Overseeing the monitoring of labour and employment practices.

The committee is further tasked with:

- Reviewing the adequacy and effectiveness of the company's engagement and interaction with its stakeholders;
- Considering substantive national and international regulatory developments as well as best practice in the fields of social and ethics management;
- Reviewing and approving the company's CSI policy; and
- Determining clearly articulated ethical standards (the Code of Ethics) and ensuring that the company takes measures to adhere to them in all aspects of the business, thus achieving a sustainable corporate culture in the group.

The committee's focus areas are reported on, on pages 42 to 47.

Mechanisms to encourage ethical behaviour such as the Code of Ethics and corporate citizenship policies were confirmed as adequate by the committee in the period under review.

Graham Blackshaw
Social and Ethics Committee Chairman
13 June 2017



Driven by our Core Value of Sustainability, we believe that every single decision or action that we take today, has a direct impact on all decisions or actions which can be taken tomorrow.

It means not always taking the shortest route and not always being focused on a short-term time horizon. Rather, it means that we acknowledge that what we do today, will have a direct influence on what we can do tomorrow.

We encourage the sharing of new ideas. We believe in preparing for tomorrow, today. We know that to remain the market leader in South Africa we have to continue to nurture and encourage a culture of innovation from within and find more efficient ways to do things.

We aim to build an organisation that is resilient, which can endure and adapt through multiple generations of leadership as well as multiple product life cycles.

A sustainable organisation is bigger than the sum of its parts.

ACTING SUSTAINABLY

ENVIRONMENTAL SUSTAINABILITY

The most important space at Stor-Age is the environment that surrounds us and that is why we continue to address sustainable practices in the areas of energy efficiency, renewable energy generation and storm water management and conservation. We strive to improve these aspects of our properties both as a commercial property owner and self storage operator in line with the changing environmental legislation and our own commercial objectives.

OPERATIONAL STORE ENERGY CONSUMPTION

Our properties' predominant energy consumption is grid electricity for lighting, elevators, general power, heating, cooling and ventilation. These cause 'indirect' off-site power station carbon emissions.

The following initiatives have reduced our properties' electricity consumption:

- We install motion-sensitive lighting in all properties. We fit these at optimum distances to reduce the number of fittings and the energy consumed.
- We install LED light fittings inside and outside of all new properties, and retrofit them onto existing ones. LED light fittings save up to 60% of consumption versus standard fittings.
- We install solar panelled hot water cylinders to heat water in both the retail stores and security offices at many properties.
- Each month, we prepare and review a detailed analysis to assess energy consumption across the portfolio, with exceptions timeously dealt with through active management.

Photovoltaic (solar) systems:

Stor-Age was the first self storage property owner in South Africa to install solar technology for three-phase power. Stor-Age Durbanville is one of the first to enrol in Cape Town's net metering programme.

Net metering allows consumers to generate more power than they need and put the excess back into the grid. Net metering effectively rolls over a net kilowatt to be used at night, at times of low self-generation or in the following month (due to the system having no storage capacity).

Following the success of the installation at Stor-Age Durbanville (which went live in 2013 and reduces consumption by almost 80% compared to other stores in the portfolio on a like-for-like basis), we integrated the system at Stor-Age Tokai in March 2017. We are assessing the effectiveness of the installation at this property, being our first Big Box store to be fitted with the technology. Subject to the confirmation of our projected savings profile, we will more actively integrate the system across the balance of the portfolio.

STORM WATER MANAGEMENT AND CONSERVATION

We have incorporated permeable paving into our external civil engineering design at a number of our recently developed properties.

Permeable paving is qualitatively different from traditional paving methods in that water is treated on-site before being discharged into both the natural groundwater table and storm water system.

ACTING SUSTAINABLY (continued)

SOCIAL SUSTAINABILITY

At Stor-Age, we strive to make a sustainable difference. Recognising our role as a responsible member of the broader community, and in line with our Relevance Core Value, we aim to improve our tenants' and employees' lives as well as our community.

Our medium-term objective is to continue focusing our resources on fewer but larger projects. We recognise the importance of being an active member of our local communities, and we encourage our employees at the property level to develop close links with charities, schools, sports clubs and local interest groups.

In the year, we contributed more than R500 000 to support social initiatives.

Highlights of these initiatives include:

SANTA SHOEBOX PROJECT

The Santa Shoebox Project is an annual charitable initiative that collects 100 000 shoeboxes to fill with gifts for underprivileged children. We have steadily grown our partnership with them, and are now one of their main sponsors. This year, we provided drop-and-go points for donors and more than 12 000 shoeboxes, to be filled with gifts, to the public (up from 11 000 last year). Stor-Age has become a fundamental contributor by

providing convenient locations for donors countrywide, complementary shoeboxes, storage space, labour and transportation solutions as well as supporting the social media efforts of the Santa Shoebox Project.

Stor-Age also provides year-round storage space to volunteers to collect, store and organise the large-scale national event. Employees enjoy the partnership and taken the project to heart by volunteering their time for the main collection days.

THE KIDZ2KIDZ TRUST

The custodian of the Santa Shoebox Project houses their operation at Stor-Age Claremont in Cape Town. This year, Stor-Age donated space worth approximately R50 000 for the trust's operational requirements, which include the Kidz2Kidzprojects and the Santa Shoebox Project. The NPO is registered as a Public Benefit Organisation with the South African Revenue Service and is a level 4 B-BBEE contributor.



“ For an African charity to be sustainable, it needs to be robust and committed. For six years, Stor-Age has played a pivotal role in collecting and storing clothing before being transported to townships. The staff are always willing to help, and we feel they are part of the It’s Your Turn team. ”

Ryan Scott
It’s Your Turn

DISASTER RELIEF

Our social initiatives support three of our four Core Values – Relevance, Integrity and Sustainability. Due to the nature of the product, we are in the unique position to assist communities in their time of need. Recently we aided disaster relief after the Cape Town storm, and the Knysna, Hout Bay and Deer Park (Table Mountain) fires. We provided storage units for people who lost their homes, resourced firefighters and disaster relief managers, and acted as a drop off point for donations which we then transported to the relevant areas.

With the Knysna Fire Support Initiative, we encouraged over 150 000 people on social media to assist with the donations. We partnered with Uber, gaining traditional and online media traction. Uber couriered donations from people’s homes to the closest Stor-Age properties, free of charge. Stor-Age delivered 15 four-tonne trucks to the relevant causes.

SCHOOL SPORTS SPONSORSHIPS

Stor-Age strives towards meaningful interaction with our communities, and as such, we provide sports sponsorships to various schools. During the year, we continued sports sponsorships at Laerskool Raslouw, Hoërskool Oos-Moot and Laerskool Doringkloof.

By sponsoring sporting equipment, Stor-Age is directly involved in the development of young sportsmen and sportswomen – we facilitate a richer sporting experience.

IT’S YOUR TURN

It’s Your Turn, a charitable organisation focusing on the redistribution of clothing to underprivileged areas, have continued to partner with Stor-Age in the 2017 financial year. The organisation also looks to collect, and sell, matric dance dresses of which the proceeds are used to purchase school shoes for those in need. Stor-Age have assisted It’s Your Turn for over six years and continue to play an integral role in the logistics of this, and many other, charitable organisations.



ACTING SUSTAINABLY (continued)

HUMAN SUSTAINABILITY

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We believe that Stor-Age is a person: It has its own energy, thoughts, feelings and a personality. It reacts to certain things in certain ways, just as you and I do. We believe that every single one of our people contributes to the 'person' that is Stor-Age. We believe that all our people play a part in shaping its collective persona through our own thoughts and actions.

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Gavin Lucas
CEO

Stor-Age is committed to developing its employees through effective learning, development and training opportunities. Our Learning and Development framework identifies 10 areas for intervention, for both head office and operations employees.

Stor-Age has developed a range of training courses. These training courses are delivered in various modes; our e-Learning platform, Edu-Space, enables our employees to receive training and assessment simultaneously online across all our locations; we offer face-to-face workshops and refresher courses at our purpose-built training venues at our head office as well as Sunninghill and Lyttelton; where appropriate, specific and individual training intervention is also offered to employees. Our core training programme is complemented by management and leadership development programmes which are delivered both in-house and by external service providers.

Comprehensive job descriptions clearly set out each person's role within the business, the key performance areas (KPAs), the activities and responsibilities within each KPA and the competencies required to deliver value in their role. Our Annual Performance Review and Personal Development Plan process provides a clearly defined platform for facilitating formal assessment and feedback to all employees by their immediate line managers, with a key outcome being the individuals' primary training, learning and development needs in order to perform their primary function effectively.

Stor-Age has a formal Employment Equity Plan to reduce both gender and race related under-representation by 2020. The board acknowledges this situation and is planning to address the over-representation of male directors by 2020. The first five-year plan stretches from 1 December 2015 to 30 September 2020; the second report against progress towards delivering on this plan will be delivered in January 2018. We provide fully funded life, disability and funeral assistance cover

through an insurance policy to all our store-based employees, while our internally facilitated Medical Aid Scheme (Momentum Health) and our Group Retirement Annuity (Allan Gray) has steadily grown in participation.

In addition, a year end review provides an ideal opportunity for developing and enhancing the business culture. By bringing together all employees from across the country, everyone is able to truly experience and share the collective experience of Stor-Age as a business in a relaxed and informal setting. Coupled with fostering new partnerships and sharing best practices, the year end review continues being a key contributor to the ethos and personality of the business as a whole.

Customer surveys are an integral contributor to the sustainability of the social and ethical aspects of business practices. During the year, over 3 800 surveys were completed where customers indicated a 95% satisfaction rate. The surveys in question are a key driver of the learning and development programmes that are administered to employees. They are also a key factor when determining best practices within the business. Engaging customers through this medium has allowed this crucial stakeholder group to influence Stor-Age's practices and processes directly and in a meaningful way.

Following the success of a flexible work-hours approach at head office in 2016, we introduced 'Saturday's off' for our store employees during the year, with no noticeable change in productivity. Our store employees are employed as six day workers. In line with our Core Value of Sustainability, we identified one of the two middle Saturday's of each month as an appropriate opportunity to allow employees to enjoy a full weekend break from work. In addition, we trialled and implemented the closing of the retail component of all properties on public holidays during the year, except those falling at or close to month-end. Both of these initiatives have been well received by employees and contributed directly towards creating a healthier work-life balance and

indirectly to creating a more engaged, sustainable and productive work environment. Not only are employees more refreshed, but they feel heard and taken care of – a testament to our non-hierarchical structure.

In order to manage our risk, it is important that stringent guidelines (which include courtesy procedures) are implemented and managed to ensure that high levels of health and safety, as well as Stor-Age's own standards, are maintained.



Stor-Age is committed to compliance in the following areas:

- Occupational Health and Safety Act (OHS A1 Part A and Regulations Part B)
- Basic Conditions of Employment
- Labour Relations Act
- Compensation of Injury and Diseases Act
- Skills Development Act
- Employment Equity Act

The relevant charts are displayed in a common area accessible to all employees at the head office and in all stores. Health and safety representative/s are appointed as required by OHS A to meet regularly and make relevant recommendations to management.



Stor-Age endeavours to ensure safe conditions and premises for customers, tenants and employees, including but not limited to:

- Housekeeping and general cleanliness;
- Lighting;
- Ventilation;
- Emergency evacuations;
- Working electrical systems;
- Safe and working machinery;
- Hazardous chemicals; and
- Roadworthy, timeously serviced company vehicles.



Stor-Age endeavours to ensure that the following items are not stored by tenants:

- Toxic pollutants or contaminated goods
- Firearms, munitions, or explosives
- Radioactive materials
- Hazardous goods
- Living plants or animals
- Food or perishable goods
- Cash and securities
- Illegal goods
- Waste

Stor-Age holds regular risk assessments to take steps to eliminate risks, take and manage or enforce precautionary measures where necessary, and train or educate all employees accordingly. Systems of evidence are maintained at head office and in all stores.



Particular and specific policies and procedures are distributed and followed, covering the following topics and issues:

- Health and safety representatives
- High-risk equipment/machinery/facilities – lifts and hoists
- The complementary removal van service
- Diesel generators
- Contractor entry and exit logs
- Medical emergencies and first aid training
- Fire safety and related training
- Evacuation procedures
- Hazardous chemicals
- Incident/accident reporting



Stor-Age Staff Conference 2016