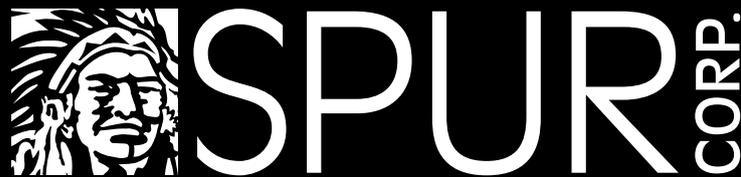


TWENTY
20



PASSIONATE PEOPLE BUILDING GREAT BRANDS

ONLINE GOVERNANCE REVIEW

BOARD AND LEADERSHIP

Governance structures and procedures are implemented in a way that supports the entrepreneurial characteristics that remain fundamental to the success of the group. The board has considered the group's application of King IV and believes Spur Corporation has adequately applied its principles and is attaining the fundamental objectives and spirit thereof.

Management reports to the board on the material risks and opportunities that could impact the group's performance and provides directors with the information necessary to make objective judgements and effective decisions regarding the group's affairs.

Directors have unrestricted access to all the group's information, records, documents, property, management and employees to fulfil their legal duties. They have unrestricted access to the advice and services of the company secretary and are entitled to seek independent professional advice at the group's expense after consultation with the chairman of the board and/or the group chief executive officer.

Non-executive directors have direct access to management and may meet with management without the executive directors.

BOARD COMPOSITION

At the date of this report, the board comprised five full-time salaried executive directors and seven non-executive directors. All non-executive directors, including the chairman, are independent in terms of King IV and the guidelines outlined in the JSE Listings Requirements. Brief biographical details of the directors appear on pages 22 and 23 of the integrated annual report for the year ended 30 June 2020 (Integrated Report).

Muzi Kuzwayo, who served as an independent non-executive director for 11 years, did not make himself available for re-election at the annual general meeting (AGM) in December 2019 owing to the length of his service and retired as a director with effect from 6 December 2019.

After the end of the financial year, extensive changes were made to the board:

- Pierre van Tonder, executive director and CEO, advised the board that he will be retiring as an employee and director with effect from 31 December 2020.
- Mark Farrelly, executive director and group chief operating officer, resigned with effect from 31 August 2020.
- Mntungwa Morojele and Dineo Molefe resigned as non-executive directors with effect from 1 September 2020 and 3 September 2020, respectively.
- Four new independent non-executive directors were appointed effective 15 October 2020:
 - Jesmane Boggenpoel
 - Lerato Molebatsi
 - André Parker
 - Sandile Phillip

- Three new executive directors were appointed to the board effective 15 October 2020:
 - Sacha du Plessis (chief marketing officer)
 - Graeme Kiewitz (group human resources executive)
 - Kevin Robertson (group chief operations officer)
- Val Nichas will be joining the group effective 1 January 2021 as an executive director and CEO to succeed Pierre van Tonder.
- Phillip Matthee, executive director and chief financial officer (CFO), requested to stand down from his current position and assume a senior financial role in the group, and will resign from the board with effect from 31 January 2021.
- Cristina Teixeira has been appointed as an executive director and CFO from 1 February 2021 to replace Phillip Matthee.

DIRECTORS' APPOINTMENTS AND ROTATION

The board has a policy that details a formal and transparent procedure for appointing board directors. The board formally adopted a policy regarding diversity at board level. New board appointments are made in line with the diversity targets set by the board. While recommendations are made by the nominations and remuneration committee, the appointment of directors is a matter for the board and all appointments are subject to shareholder approval.

In terms of the group's Memorandum of Incorporation, and in compliance with the JSE Listings Requirements, no less than one third of the non-executive directors must retire by rotation at the AGM each year. Consequently, at the forthcoming AGM, Mike Bosman, Cora Fernandez and Shirley Zinn will retire.

The nominations and remuneration committee has nominated these directors for re-election to the board.

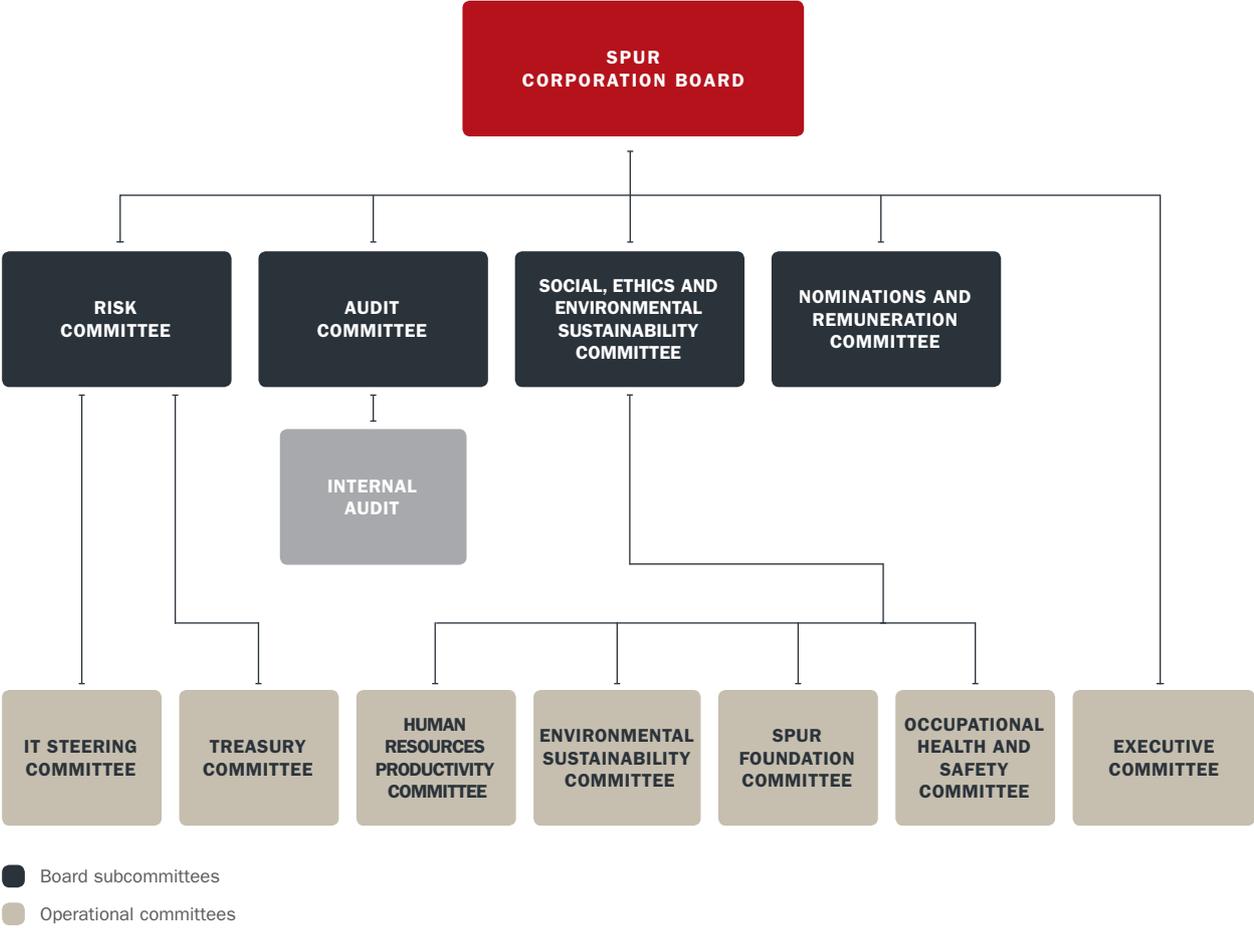
In addition, the four non-executive directors and three executive directors appointed to the board with effect from 15 October 2020, will be proposed to shareholders for election as directors.

COMPANY SECRETARY

The company secretary assists the chairman in coordinating and administering the functioning of the board, the induction of new non-executive directors and ensuring statutory compliance. The appointment and removal of the company secretary is a matter for the board and not executive management.

Nazrana Hawa resigned from the company effective from 31 July 2019. On 1 August 2019, Kilgetty Statutory Services (South Africa) (Pty) Ltd (Kilgetty) was appointed as interim company secretary. The board considered whether, and concluded that, Kilgetty has the necessary knowledge and experience to act as company secretary to the group. The board appointed Kilgetty as permanent company secretary with effect from 1 March 2020.

THE BOARD AND ITS COMMITTEES



ROLES AND RESPONSIBILITIES

The board is the custodian of corporate governance and ethics. It is responsible for developing and adopting strategic plans that align with stakeholder interests and expectations, result in sustainable outcomes and do not give rise to risks that have not been thoroughly assessed by management.

The board's roles and responsibilities include ensuring that the group is, and is seen to be, a responsible corporate citizen by having regard for the financial aspects of the business and the impact the business has on the environment and society. It also ensures that the group has effective and independent board and statutory committees.

The board's roles and responsibilities are outlined in detail on page 14.

The board retains ultimate responsibility for the proper fulfilment of all functions and delegates certain powers to elected committees, each with defined roles and responsibilities, under their respective formal charters.

The board mandates the CEO, executive directors and senior management to implement the strategy and manage the activities of the business daily. The chairman and the CEO have clearly defined and separate roles.

Formal board and committee evaluations are scheduled to take place during 2021 in line with the recommended practice of King IV that evaluations should take place at least every two years.

The board is satisfied that it has fulfilled its responsibilities according to its charter during the financial year.

COMPOSITION AND ATTENDANCE

All non-executive directors are classified as independent.

The board meets formally three times a year to tend to governance matters and discuss operations, strategies, risks and other key issues. Additional meetings are convened as necessary to discuss urgent matters.

The board reviewed and confirmed the Diversity at Board Level Policy at its meeting in February 2020, which incorporates the JSE's amended requirements for broader diversity at board level. The diversity targets for race and gender that have been set are that the board shall comprise not less than 20% female directors and 25% black directors. Preference will further be given to black female candidates when replacing directors who retire or resign.

A formal Limits of Authority Policy is in place, which grants specific levels of management (including individual directors and groups of directors) authority to commit the group to financial obligations of set limits. This policy prohibits a veto by any one director. Other policies grant specific directors and senior managers specific decision-making powers.

The group has no controlling shareholder, and there is no shareholder with the right to appoint a director to the board.

BOARD COMMITTEES

AUDIT COMMITTEE

The audit committee has a range of statutory and other duties that include overseeing the group's engagements with its external and internal auditors, ensuring compliance with requirements of the Companies Act and reporting to the board regarding the group's accounting policies, financial controls, records and reporting. Meetings are scheduled semi-annually.

The audit committee report starts on page 2 of the consolidated financial statements for the year ended 30 June 2020 (Consolidated AFS).

RISK COMMITTEE

The risk committee meets twice a year and oversees the assessment, management and reporting of risk in the group.

The material issues and risks report starts on page 14 of the Integrated Report.

NOMINATIONS AND REMUNERATION COMMITTEE

The nominations and remuneration committee oversees the nomination, appointment and development of directors and governs the setting and implementation of the group's Remuneration Policy and had three formal meetings for the year.

The remuneration report starts on page 42 of the Integrated Report.

SOCIAL, ETHICS AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE

The social, ethics and environmental sustainability committee assists the board with the monitoring and reporting of social and ethical matters in the group according to the Companies Act. It meets a minimum of twice a year.

The social, ethics and environmental sustainability committee report is available online at www.spurcorporation.com/investors/results-centre/.

BOARD AND COMMITTEE ATTENDANCE

Attendance at meetings for the year ended 30 June 2020 was as follows:

	Board	Audit	Nominations and remuneration	Risk	Social, ethics and environmental sustainability
Number of meetings	6	4	3	2	2
Non-executive directors					
Mike Bosman	6 ⁺		3		
Cora Fernandez [*]	6	4	1/1	1/1	
Muzi Kuzwayo ^{**}	2/2		1/1		1/1
Dineo Molefe [°]	5	4 ⁺		2	
Mntungwa Morojele [°]	6	4		2	2 ⁺
Shirley Zinn ^{***}	6		3 ⁺		1/1
Executive directors					
Pierre van Tonder	5			2 ⁺	2
Mark Farrelly [°]	6				
Phillip Matthee	6				
% meeting attendance	96	100	100	100	100

⁺ Chair.

^{*} Appointed to risk committee effective 11 September 2019 and nominations and remuneration committee with effect from 26 February 2020.

^{**} Retired as a director with effect from 6 December 2019.

^{***} Appointed to social, ethics and environmental sustainability committee effective 26 February 2020.

[°] Resigned as a director after the end of the financial year.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

Spur Corporation is committed to ensuring compliance with all relevant laws, codes and frameworks that apply to its operations and activities.

The group CFO, assisted by the group's in-house legal team, is responsible for monitoring compliance within the organisation, assessing potential consequences or risks associated with new legislation, and reporting to the social, ethics and environmental sustainability committee in this regard. Significant non-compliance with mandatory laws and rules is escalated to the board if necessary.

No material, or immaterial but often repeated, regulatory penalties, sanctions or fines for contraventions or non-compliance with statutory obligations were imposed on the group or any of its directors.

ETHICS

The board subscribes to governance practices that align with the philosophy of responsible leadership, incorporating the ethical values of responsibility, accountability, fairness and transparency. The directors believe that the group is a responsible corporate citizen and recognise that good governance is a perpetual process.

The board is satisfied that no material breaches of ethical behaviour occurred during the year and confirms that the group continues to comply with the highest standards of business practice.

CODE OF CONDUCT

Spur Corporation's code of conduct (the code) is a principle-based document that aims to ensure that all employees are aware of the need for self-respect, mutual respect and integrity in all their dealings with one another and wherever and whenever they are representing the group. The code has been circulated to all employees and includes the contact details for the anonymous ethics hotline. Complaints or disclosures made to the ethics hotline are forwarded to the chairman of the board for investigation and discussion in the audit committee. There were no significant complaints or disclosures reported through the ethics hotline during the year.

HUMAN RIGHTS

Spur Corporation is committed to respecting and upholding human rights. The group subscribes to all principles of the South African Constitution and the international accords and conventions to which South Africa is a signatory. The social, ethics and environmental sustainability committee provides additional guidance and oversight regarding adherence to human rights.

During the year, the group conducted a human resources and labour law legislative compliance review that included an analysis of the group's practices against the United Nations Global Compact Human Rights principles and the International Labour Organisation's Labour Protocols. The review demonstrated that Spur Corporation's human resources practices align with the requirements of these guidelines but nevertheless identified potential areas of improvement.

The group has implemented ethical sourcing guidelines that require suppliers to align with Spur Corporation's commitment to human rights and fair labour practices.

CONFLICTS OF INTEREST

The group's Conflict of Interest Policy governs gifts and prohibits kickbacks and bribes, and is included in the code. It restricts employee relationships with suppliers, governs the use of company resources for non-company purposes, and limits the extent of other business interests undertaken by employees.

Employees, including executive directors, are prohibited from having any interest whatsoever, directly or indirectly, in a competing restaurant business, franchise or chain that is considered (at the discretion of the board) to operate in a similar market as the group.

The Employee Interest in Group Franchises Policy limits the number of group-franchised outlets employees may have an interest in and the extent of such interests. It also includes the approval process that must be followed before franchises are granted to employees and other requirements.

SHARE DEALINGS

There are two formalised closed periods ahead of the publication of the interim and annual results in which directors and employees are restricted from trading in the shares of the company. The group's Insider Trading Policy requires directors to obtain formal clearance from the company secretary prior to dealing in the company's shares. All share dealings are disclosed to the company secretary and this information is released on SENS within 48 hours of any trade.

IT GOVERNANCE

The board ultimately assumes the responsibility for the governance of information technology (IT) by determining how technology and information should be approached and addressed in the group.

The general management of the IT function has been delegated to the group technology executive, who is assisted by the group information executive and IT steering committee. The IT steering committee meets quarterly and comprises senior executives of the group. The IT steering committee monitors the effectiveness of technology and information management and addresses any shortcomings that have been identified.

In terms of the IT steering committee's charter, general management of the IT function includes broad responsibilities pertaining to:

- optimising the value IT contributes to the business in a cost-effective manner;
- ensuring that adequate and appropriate IT resources are available to support the group's objectives; and
- IT risk management.

The IT strategic plan, which was developed and approved by the IT steering committee and the board, includes considerations around IT risks, controls and governance. Comprehensive risk analysis and prioritisation exercises inform the contents of the IT risk register and the IT governance work plan, and progress against this is monitored by the board.

Key activities for the year included:

- Reviewing the preventative measures in place to ensure there are adequate information technology security protocols to protect the company from a potential hacking or breach of the company's information technology platform.
- Reviewing the process and procedures to be followed in the instance of a breach or cyber-attack.
- Confirming that there is adequate liability cover in the event of any security breach that may give rise to any third-party claims.

KING IV APPLICATION REGISTER

In this register, which has been prepared in terms of the JSE Listings Requirements, Spur Corporation endeavours to explain its application of the King IV principles. The following table provides an overview of responses to the 16 applicable King IV principles. Where relevant, we reference areas of our Integrated Report and online publications where detailed information can be found.

No	Principle	Application	Reference areas
1	The governing body should lead ethically and effectively	<p>The board is committed to ensuring that formal corporate governance structures and procedures are in place to maintain ethical and balanced decision-making practices that consider the interests of all stakeholders. These structures and procedures are implemented in a way that supports the entrepreneurial characteristics that remain fundamental to the success of the group.</p> <p>The code of conduct sets the tone for ethical conduct throughout the group and requires that all directors and employees of the group maintain the highest standards of integrity and ethical conduct.</p> <p>All deliberations, decisions and actions of the board are based on fairness, accountability, responsibility and transparency.</p>	<p>Ethics and code of conduct on page 6</p> <p>Chairman's report on page 18 of the Integrated Report</p>
2	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<p>The board has established a code of conduct and ethics-related policies, including ethical sourcing guidelines and a supplier code of conduct, through which the group's ethical standards are clearly articulated and implemented.</p> <p>The board and management ensure that the code of conduct is integrated into the strategy and operations of the group, such that the group's ethical organisational culture is reflected in the group's vision and mission, strategies and operations, decisions and conduct, and the way it engages with stakeholders.</p> <p>The board has delegated the implementation of the code of conduct and the ethical sourcing guidelines to management, who is required to report material breaches to the social, ethics and environmental sustainability committee. In addition, the human resources productivity committee reports directly to the social, ethics and environmental sustainability committee, which ensures that the committee can provide oversight of the application of ethical conduct as it relates to employee matters.</p> <p>Employees can report contraventions of the code of conduct, or any other conduct inconsistent with the ethical culture of the company, to the ethics hotline on an anonymous basis. The hotline is available 24 hours a day.</p>	<p>Compliance with laws, rules, codes and standards on page 6</p> <p>Chairman's report on page 18 of the Integrated Report</p>
3	The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen	<p>The board's responsibilities include ensuring that the group is, and is seen to be, a responsible corporate citizen by having regard to the financial aspects of the business and the impact the business has on the environment and society.</p> <p>The board is assisted by the social, ethics and environmental sustainability committee in fulfilling this role, which includes compliance with the applicable laws, regulations and standards impacting the group, as well as its own code of conduct and policies.</p> <p>The group is committed to environmental sustainability and is continually striving to improve operations to limit environmental impacts and to operate well within natural boundaries.</p> <p>Environmental sustainability, including the implementation of sustainability policies and the tracking, measurement and verification of environmental data streams, are overseen by the environmental sustainability committee that reports to the social, ethics and environmental sustainability committee.</p> <p>The Spur Foundation manages the group's social investment initiatives with the aim of uplifting and improving the lives of South African families, especially children, in line with its core values of generosity and Ubuntu.</p>	<p>Ethics, code of conduct, human rights, conflicts of interest and share dealings on page 6</p> <p>Online sustainability report</p>

No	Principle	Application	Reference areas
4	<p>The governing body 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</p>	<p>The board is responsible for developing and adopting strategic plans that align with stakeholder interests and expectations, resulting in sustainable outcomes that do not give rise to risks that have not been thoroughly assessed by management.</p> <p>The board has delegated to management the detailed formulation and implementation of the approved strategy and the realisation of the expected returns. The board is responsible for approving the policies and operational plans developed by management.</p> <p>The group leadership team collaborates with the executive directors to formulate the group's short-, medium- and long-term strategies, which are then presented to the board for its approval and recommendations.</p> <p>Financial statements of the group are circulated to board members prior to each board meeting. A solvency and liquidity assessment is prepared for any matter where it may be required (including the declaration of dividends, acquisition of the group's own shares or provision of financial assistance). The audit committee reviews a documented assessment by management of the going concern premise of the group.</p>	<p>Business model on page 10 of the Integrated Report</p> <p>Strategic objectives on page 12 of the Integrated Report</p> <p>Material issues and risks on page 14 of the Integrated Report</p>
5	<p>The governing body 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</p>	<p>The board, assisted by its committees, monitors that the various reports of the group are compliant with legal reporting requirements and meet the reasonable and legitimate needs of the stakeholders.</p> <p>The board assumes responsibility for the integrity and transparency of the group's reporting and is assisted by the audit and risk committees and the internal and external auditors.</p> <p>The board, assisted by the audit committee, ensures that the Integrated Report conforms to the Companies Act and the JSE Listings Requirements. The audit committee approves the basis for determining materiality for reporting purposes.</p>	<p>Integrated Report and Consolidated AFS</p> <p>Online sustainability report</p> <p>Corporate governance report on page 38 of the Integrated Report</p> <p>Online governance review</p>
6	<p>The governing body should serve as the focal point and custodian of corporate governance in the organisation</p>	<p>The board's objective is to provide responsible business leadership to the group with due regard to the interests of all stakeholders. It is fully committed to business integrity, fairness, transparency and accountability of all its activities.</p> <p>The board charter, which is updated and approved by the board on an annual basis, ensures that the roles, responsibilities and areas of accountability of the board and its members are documented and adhered to.</p> <p>The board charter stipulates that board members may, where necessary, take independent professional advice at the group's expense. This protocol is further amplified in each committee charter which permits the committee to obtain independent and external professional advice should it be deemed necessary.</p> <p>The board charter confirms that board members have unrestricted access to all group information, records, documents and property. Non-executive directors have access to management and may meet separately with management, without the attendance of executive directors.</p> <p>The board meets formally three times a year, to attend to governance matters and discuss operations, strategy, risk and other key issues. Additional meetings are convened at short notice as necessary to discuss urgent business. The directors also participate together with management in various other <i>ad hoc</i> strategy and planning sessions.</p>	<p>Corporate governance report on page 38 of the Integrated Report</p> <p>Online governance review</p>

No	Principle	Application	Reference areas
7	<p>The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively</p>	<p>The names of the board members during the review period, together with details of their age, qualifications, knowledge, skills and experience, are disclosed in the Integrated Report.</p> <p>The independence of the non-executive directors is reviewed on an annual basis by the nominations and remuneration committee against the criteria stipulated in King IV.</p> <p>The board has delegated the responsibility of assessing the skills and composition of the board to the nominations and remuneration committee. This committee recommends the appointment of directors to the board for consideration and approval when the need to fill vacancies on the board arises.</p> <p>The group has a unitary board structure comprising:</p> <ul style="list-style-type: none"> – seven independent non-executive directors; and – five executive directors. <p>The group's diversity policy stipulates that the board shall comprise no less than 20% female directors and 25% black directors. In accordance with the policy, preference will be given to black female candidates when replacing directors who retire or resign.</p> <p>The board is satisfied that the composition of the board is appropriate and constitutes a balance of power and authority so that no one individual or block of individuals is able to dominate the board's decision-making process.</p> <p>The board has sufficient members to serve on the various committees of the group.</p>	<p>Board of directors on pages 22 and 23 of the Integrated Report</p> <p>The Board and its committees on page 3</p>
8	<p>The governing body 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</p>	<p>The board retains ultimate responsibility for the proper fulfilment of its functions and delegates certain powers to elected committees, each with defined roles and responsibilities, in accordance with their respective formal terms of reference.</p> <p>The board is assisted in carrying out its mandate by the various committees. Feedback from board committees is a standard agenda item at each ordinary board meeting.</p> <p>Committees are entitled to obtain independent professional advice at the cost of the group on any issue within the ambit of its scope and subject to following a board-approved process.</p> <p>The standing committees of the board are:</p> <ul style="list-style-type: none"> – Risk committee – Nominations and remuneration committee (remuneration report on page 42 of the Integrated Report) – Social, ethics and environmental sustainability committee (report available online) – Audit committee (report on page 2 of the Consolidated AFS) 	<p>The Board and its committees on page 3</p>
9	<p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness</p>	<p>The board has adopted a performance appraisal process which is conducted every two years in line with King IV. The board evaluations are conducted on an anonymous basis and in a questionnaire format.</p> <p>The evaluation is a formal process and the results are submitted to the company secretary and tabled and discussed at the following board meeting. Evaluations for each committee are also conducted and this feedback is reported to the board.</p> <p>With the significant board changes and the restructuring of board committees, the board and committee evaluations have been scheduled for 2021 to allow the board and committees the opportunity to function under its new leadership and composition.</p>	<p>The Board and its committees on page 3</p>

No	Principle	Application	Reference areas
10	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	<p>The CEO is not a member of the audit committee but is invited to attend these meetings or parts thereof.</p> <p>The board charter, together with the group's limits of authority policy, sets out the direction and parameters of the board's and management's powers. The CEO's role and responsibilities are set out further in the CEO's employment contract to ensure that the CEO's duties are clearly articulated and distinct from the board's duties and responsibilities.</p> <p>The company secretary provides guidance to the board on directors' legal and fiduciary duties and serves as the gatekeeper of corporate governance within the company. The performance and independence of the company secretary is evaluated by the board, and the board has satisfied itself of the appropriateness and arm's-length nature of this appointment.</p>	<p>Board of directors on pages 22 and 23 of the Integrated Report</p> <p>Chief executive officers' report on page 24 of the Integrated Report</p>
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	<p>The board's responsibility for risk governance is expressed in the board charter and the risk management plan and policy.</p> <p>Management is tasked with demonstrating to the board that its risk responses provide for the identification and exploitation of opportunities to improve the performance of the company.</p> <p>The board delegates to management the responsibility to continuously identify, assess, mitigate and manage risks within the existing operating environment.</p> <p>To the extent appropriate, mitigating controls are in place to address these risks, which are monitored on a continuous basis. Each functional executive is responsible for identifying, evaluating and managing risk on a daily basis in their respective functional areas and reporting the results of this process to the risk committee.</p> <p>In line with good practice, the internal audit function reviews the group's risk management process every financial year at the request of the audit committee.</p> <p>The audit committee provides guidance to the internal audit function on the priority of risks to be reviewed and assured.</p> <p>The risk committee reports on the effectiveness of the risk management process at each board meeting and provides an analysis of the residual risk rating of each risk. In determining these assessments, the committee considers assurance provided by internal audit, management, and any relevant external assurance provider, using the combined assurance approach.</p> <p>The committee works closely with internal audit to enhance the existing risk management process on a continuous basis.</p>	<p>Material issues and risks on page 14 of the Integrated Report</p>

No	Principle	Application	Reference areas
12	<p>The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives</p>	<p>The group technology executive is responsible for the general management of the information technology (IT) function and is assisted by the group information executive and IT steering committee. IT governance risk items are reported to the risk committee, which is chaired by an independent non-executive director. IT is a standing board agenda item and recognised as a key enabler for the group and its activities. The organisational capacity of the IT function has expanded significantly as a result.</p> <p>The IT and IT user policies are reviewed by the IT steering committee, the risk committee and ultimately the board, who is required to approve such policies prior to implementation thereof.</p> <p>The IT strategic plan, which is developed and approved by the IT steering committee and the board, includes considerations around IT risks, controls and governance. Comprehensive risk analysis and prioritisation exercises inform the contents of the IT risk register and the IT governance work plan, and progress against this is monitored by the board.</p> <p>In terms of the IT steering committee's charter, general management of the IT function includes the following broad responsibilities pertaining to:</p> <ul style="list-style-type: none"> – optimising the value contributed by IT to the business in a cost-effective manner; – ensuring that adequate and appropriate IT resources are available to support the group's objectives; and – IT risk management. <p>IT as a business unit reports and rates its risks in the company's risk register. Performance management of third party and outsourced service providers has been delegated to the IT steering committee and the group information executive. The material findings of the internal and external auditors regarding the integrity of IT systems are reported to the board. The board has had no reason to believe that information provided is not complete, timely, relevant or accurate.</p> <p>The company has undertaken an assessment of the various departments within the group to analyse and ascertain the extent to which personal information is circulated throughout the group. Where necessary, remedial action to ensure the integrity and security of personal information will be implemented. Assurance on the company's IT arrangements is included in the work scope of the internal auditor who reports directly to the audit and risk committees in this regard.</p>	<p>IT Governance on page 7</p>
13	<p>The governing body 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</p>	<p>The group chief financial officer, assisted by the group's in-house legal team, is responsible for monitoring compliance within the organisation, assessing potential consequences or risks associated with new legislation, and reporting to the social, ethics and environmental sustainability committee in this regard. Compliance is an area that will continue to remain on the board agenda.</p> <p>A core function of the legal department is to monitor legislative developments that could have an impact on the company or its franchisees. The company proactively engages with the legislature on matters impacting the company or its industry at large.</p>	<p>Compliance with laws, rules, codes and standards on page 6</p> <p>Online sustainability report</p>

No	Principle	Application	Reference areas
14	<p>The governing body 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</p>	<p>The group has redesigned its remuneration policy to provide the group with a framework within which to determine and approve group-wide remuneration which will attain the policy's overall objective: to articulate and effect fair, responsible and transparent remuneration.</p> <p>The remuneration policy has been designed to achieve the following objectives:</p> <ul style="list-style-type: none"> – to attract, motivate, reward and retain human capital; – to promote the achievement of strategic objectives within the organisation's risk appetite; – to promote positive outcomes; and – to promote an ethical culture and responsible corporate citizenship. <p>By implementing the remuneration policy, in conjunction with other human resources-related policies, the group aims to maintain a positive, quality, motivated workforce which operates responsibly within an ethical culture. This in turn will maximise shareholder value.</p> <p>The board, assisted by the nominations and remuneration committee, ensures that executives and general employees are remunerated fairly and responsibly in line with industry standards.</p> <p>The nominations and remuneration committee engages with stakeholders on any matters that they may have relating to the remuneration policy and implementation report.</p>	<p>Remuneration report on page 42 of the Integrated Report</p>
15	<p>The governing body 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</p>	<p>A combined assurance approach has been developed and implemented across the group to effectively cover the group's significant risks and material matters. The approach includes, but is not limited to, the group's established outsourced internal audit function, its risk management and compliance functions, the external auditors and regulatory inspectors, together with such other external assurance providers as may be appropriate or deemed necessary from time to time, including the company secretary, which provides guidance on aspects of corporate governance, and a JSE sponsor which advises on the JSE Listings Requirements.</p> <p>The audit committee is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the group to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors and serves as a link between the board and these functions.</p> <p>The internal audit function is sufficiently skilled and resourced to fulfil its mandate within the group.</p> <p>The internal audit charter governs the authority and responsibilities of the various role players. The engagement partner of the outsourced service provider has been appointed as the chief audit executive (CAE) in terms of the charter and reports directly to the audit committee.</p> <p>The CAE is an independent, outsourced service provider and has a standing invitation to the following board committee meetings: risk, audit and social, ethics and environmental sustainability. In addition, the CAE is invited to certain executive meetings on an <i>ad hoc</i> basis.</p>	<p>The audit committee report on page 2 of the Consolidated AFS</p>
16	<p>In the execution of its governance role and responsibilities, the governing body 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</p>	<p>The board determines the direction of stakeholder relationships and delegates to management the responsibility for implementation and execution thereof. The social, ethics and environmental sustainability committee assists the board with monitoring stakeholder management and with setting the approach to stakeholder relationships.</p> <p>While there is a corporate communications policy which facilitates coordinated communication between the company and its various stakeholders, the board deemed it necessary to develop a stakeholder management policy which shall be considered by the social, ethics and environmental sustainability committee.</p> <p>The remuneration policy provides mechanisms for engaging with shareholders on related matters while the corporate communications policy governs persons authorised to communicate with stakeholders. In addition, the group conducts interim and annual results presentations twice a year to which stakeholders and interested parties are invited to attend.</p>	<p>Social, ethics and environmental sustainability committee report online</p> <p>Online sustainability report</p> <p>Remuneration report on page 42 of the Integrated Report</p>

ROLES AND RESPONSIBILITIES OF THE BOARD AND ITS COMMITTEES

Committee	Roles and responsibilities
Board	<ul style="list-style-type: none"> – Being the focal point and custodian of corporate governance and ethics. – Developing and adopting strategic plans that align with stakeholder interests and expectations, result in sustainable outcomes and do not give rise to risks that have not been thoroughly assessed by management. – Ensuring that the company is, and is seen to be, a responsible corporate citizen by having regard to the financial aspects of the business and the impact the business has on the environment and society. – Ensuring that the company has effective and independent board and statutory committees. – Approving financial objectives and targets. – Monitoring operational performance and management. – Ensuring effective risk management and internal controls (including an effective risk-based internal audit). – Ensuring that IT governance is managed. – Ensuring effective management of reputational risk. – Ensuring legislative and regulatory compliance. – Monitoring solvency and liquidity and considering remedial responses in the event of indicators of financial distress. – Ensuring the integrity of annual and interim reports and approving the integrated report and annual financial statements.
Audit	<p>Statutory duties</p> <ul style="list-style-type: none"> – Nominating the appointment of the external auditor for approval by shareholders at the AGM. – Assessing the independence of the external auditor. – Determining the fees paid to the external auditor. – Determining the nature and extent of any non-audit services that the external auditor may provide and pre-approving any proposed engagement for such services. – Ensuring that the Companies Act provisions are complied with in terms of appointing the external auditor. – Preparing a report, as part of the annual financial statements of the company for the relevant financial year, that addresses the items listed in the Companies Act. – Receiving and dealing appropriately with any concerns or complaints in relation to matters as set out in the Companies Act. – Making submissions to the board on any matter concerning the company’s accounting policies, financial controls, records and reporting. <p>Other duties</p> <ul style="list-style-type: none"> – Reviewing the objectivity and effectiveness of the external auditor. – Discussing the nature and scope of the audit (including key audit risks) with the external auditor before the audit commences and ensuring coordination with other group entity auditors. – Reviewing and commenting on all financial reporting, including the interim and annual financial statements, provisional results announcements, trading statements, circulars and the release of price-sensitive information before submission to the board for approval. – Discussing any problems or issues arising from the audit and any matters incidental thereto with the external auditor. – Approving the appointment of the outsourced internal audit service provider. – Reviewing various documents generated by the internal and external audit service providers. – Reviewing the performance and objectivity of the internal auditor annually and approving the charter and fee structure. – Reviewing the functioning of internal audit. – Receiving and reviewing all internal audit reports and management’s responses thereto. – Overseeing integrated reporting and recommending the approval of the integrated report to the board for approval. – Reviewing the expertise, resources and experience of the group chief financial officer and finance function annually.

Committee	Roles and responsibilities
Risk	<ul style="list-style-type: none"> – Overseeing the implementation and regular review of a policy for risk management. – Overseeing the implementation and annual review of the risk management plan. – Making recommendations to the board concerning the levels of risk tolerance and appetite, as well as monitoring that risks are managed within the levels of tolerance and appetite as approved by the board. – Overseeing that the risk management plan is widely disseminated throughout the company and integrated into the group's day-to-day activities. – Overseeing the management of liquidity and credit risks. – Overseeing the management of IT risks. – Ensuring that risk management assessments are performed on a continuous basis. – Ensuring that management considers and implements appropriate risk responses. – Ensuring that continuous risk monitoring by management takes place. – Expressing the committee's formal opinion to the board on the effectiveness of the system and process of risk management. – Reviewing the reporting of risk management included in the integrated report, and ensuring that it is timely, comprehensive and relevant.
Nominations and remuneration	<ul style="list-style-type: none"> – Ensuring the establishment of a formal process for appointing directors to the board. – Identifying and recommending directorship candidates. – Assessing the board's balance of skills, experience and diversity. – Advising on the composition of the board, ensuring a balance between executive and non-executive directors. – Ensuring that inexperienced directors are developed through a mentorship programme (where applicable). – Making recommendations in respect of directors retiring by rotation, or by contract, to be put forward for re-election. – Establishing a formal and transparent procedure for developing, reviewing and amending the policy on executive remuneration. – Determining, agreeing upon and developing remuneration policies for all levels of employees. – Determining remuneration packages for executive directors. – Considering criteria to measure the performance of executive directors in discharging their functions and responsibilities. – Approving the award of shares/options to executives and employees. – Reviewing and approving all profit share or share-linked incentive allocations and the terms thereof. – Regularly reviewing incentive schemes to ensure continued contribution to shareholder value.
Social, ethics and environmental sustainability	<ul style="list-style-type: none"> – Assisting the board with the monitoring and reporting of social and ethical matters according to the Companies Act. – Statutorily, the committee is responsible for monitoring the group's social impact in the following material areas: <ul style="list-style-type: none"> • social and economic development; • good corporate citizenship; • labour and employment practices; • employment equity and B-BBEE legislation; • consumer relationships; and • environment, health and public safety. – Additional duties include monitoring the company's governance of ethics. – The committee assists the board in the monitoring and reporting of strategies implemented to address economic, social and environmental sustainability issues, and is assisted in this regard by the environmental sustainability operational committee.

OPERATIONAL COMMITTEES

Operational committees have been established to assist the board in the discharge of its duties. These committees comprise senior management and certain executive directors. Although these are not formal subcommittees of the board, they provide valuable insight into the day-to-day operations of the group and assist in the identification of risks and the formulation of strategy.

	Environmental sustainability committee	Human resources productivity committee	Treasury committee	IT steering committee	Executive committee
Chair	Joe Stead, group creative head	Pierre van Tonder, group CEO	Pierre van Tonder, group CEO	Pierre van Tonder, group CEO	Pierre van Tonder, group CEO
Meeting frequency	Quarterly	Biannually	Monthly	Quarterly	At least monthly
Composition	Group CEO, group CFO, group COO, Panarottis COO, group finance executive, chief marketing officer, other functional heads and managers within the group.	Group CEO, group COO, group CFO, group finance executive, chief marketing officer, national training executive, group human resources executive, group strategy executive and certain other managers within the group.	Group CEO, group CFO and group finance executive.	Group CEO, group CFO, group technology executive, group information executive, chief marketing officer, group strategy executive, Panarottis COO.	Group CEO, group COO, group CFO, chief marketing officer, group human resource executive, group strategy executive.
Purpose	<ul style="list-style-type: none"> – Provides reports to the social, ethics and environmental sustainability committee. – To establish “green policies” and a sustainability strategy for the group. – To assist the board in measuring compliance with environmental policies and strategies. – Additional subcommittees have been established in each region and in certain specific functional areas. 	<ul style="list-style-type: none"> – To develop and implement a competitive human resource strategy that will ensure that the company is able to attract, retain and develop the best possible talent to support superior business performance. – To monitor and report to the board on progress relating to the group’s human resource strategy. 	<ul style="list-style-type: none"> – Reports to the risk committee, reviews cash flow projections and monitors short-term investments to manage liquidity within the group. – Diversify the group’s short-term investments among various financial institutions. – Maximise the return on short-term investments within the board’s treasury mandate. – Manages the group’s share buy-back programme and other share-related transactions according to the board’s mandate. 	<ul style="list-style-type: none"> – Confirms key decisions concerning IT infrastructure. – Considers and responds to IT-related risks. – Prioritises IT development projects. – Identifies opportunities to leverage IT and data to enhance profitability. 	<ul style="list-style-type: none"> – Developing and recommending corporate strategy to the board. – Implementation of the strategy. – Ongoing consideration of risk management strategy. – Implementation of transformation strategy. – Set and track key short, medium and long-term goals. – Planning and allocation of resources.

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