



SPUR CORP.

PASSIONATE PEOPLE BUILDING GREAT BRANDS

**ONLINE GOVERNANCE
SUPPLEMENT 2018**

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 chief financial officer, assisted by the group's in-house legal and compliance executive, 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, 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 this 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 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 staff and is addressed during the annual human resources roadshows. The code includes the contact details for the anonymous 24/7 independent third-party ethics hotline. Complaints or disclosures made to the ethics hotline are forwarded to the lead independent director for investigation and discussion in the audit committee. There were no material 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 South Africa is a signatory to. The social, ethics and environmental sustainability committee and the transformation committee provide additional guidance and oversight regarding adherence to human rights.

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 of Conduct. 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 and the extent of the interest an employee may have in such outlets. 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.

ROLES AND RESPONSIBILITIES OF THE BOARD AND ITS COMMITTEES

The table below provides the roles and responsibilities of the board and the other 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 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 integrated and interim reports and approving the integrated report (including the 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.
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.

Committee	Roles and responsibilities
Risk (continued)	<ul style="list-style-type: none"> – Overseeing that the risk management plan is widely disseminated throughout the company and integrated into the group's day-to-day activities. – 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.
Remuneration	<ul style="list-style-type: none"> – 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, with a focus on executive directors. – 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 in relation to Spur Corporation 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.
Transformation	<ul style="list-style-type: none"> – Reviewing the adequacy of the group's compliance with B-BBEE legislation and regulations. – Reviewing management's monitoring of employment equity throughout the group. – Reviewing the promotion of managerial control by previously disadvantaged individuals. – Ensuring that the B-BBEE plan is dynamic and flexible. – Reviewing the promotion of human resource development through employment equity and skills development initiatives. – Reviewing indirect empowerment and corporate social responsibility initiatives. – Reviewing relevant legislation and making recommendations to the board if appropriate. – Reviewing the findings of any examination by verification agencies. – Establishing special investigations and, if appropriate, hiring special counsel or experts to assist. – Reviewing policies on sensitive issues or practices. – Reviewing and proposing the group's transformation initiatives in line with the Codes of Good Practice for B-BBEE, industry and other charters.
Nominations	<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 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.

OPERATIONAL COMMITTEES

A number of operational committees have been established to assist the board in the discharge of its duties. These committees comprise senior management (who are not directors) 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 resource productivity committee	Treasury committee	IT steering committee
Chair	Joe Stead, <i>Group sustainability champion</i>	Pierre van Tonder, <i>Group CEO</i>	Pierre van Tonder, <i>Group CEO</i>	Pierre van Tonder, <i>Group CEO</i>
Meeting frequency	Quarterly	Semi-annually	Monthly	Quarterly
Composition	Group CEO, group CFO, group COO, Panarottis' COO, group finance executive, group marketing executive, other functional heads and managers within the group.	Group CEO, group CFO, group finance executive, group marketing executive, group training executive, human capital executive and transformation executive.	Group CEO, group CFO, group finance executive and group financial manager.	Group CEO, group CFO, group finance executive, group technology executive, group marketing executive and head of IT infrastructure.
Purpose	<ul style="list-style-type: none"> – To establish “green policies” and a sustainability strategy for the group. – To assist the board in measuring compliance with the policies and strategies. – Additional sub-committees 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 and 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.



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