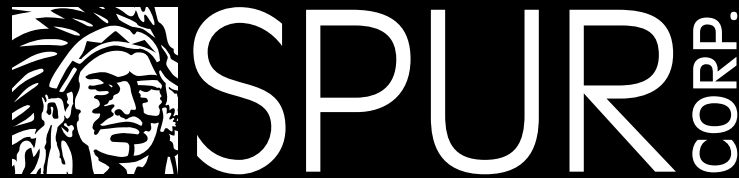


TWENTY
20



PASSIONATE PEOPLE BUILDING GREAT BRANDS

ONLINE SUSTAINABILITY REPORT

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Reporting suite

The sustainability report is supplemented by additional reports relevant to stakeholders which are available at www.spurcorporation.com/investors/results-centre/

- Integrated report 2020
- Online governance review 2020, including the application of the King IV Report on Corporate Governance
- Social, ethics and environmental sustainability committee report 2020
- Annual financial statements 2020

Assurance

The information in the sustainability report has been reviewed by the board and management of Spur Corporation but has not been independently assured. Accredited service providers measured and assured selected non-financial data.



REVIEW OF 2020 – KEY SUSTAINABILITY FEATURES

Global COVID-19 pandemic and associated lockdowns in all countries of operation **severely impacted trading** across the group, and consequently profitability for franchisees and the group

Management committed to **financial sustainability of franchisees** throughout the lockdown, including reducing franchise and marketing fees

Continued focus on **diversity and transformation**

Corporate social investment of **R2.35 million** from The Spur Foundation

Founding member of the **South African Plastics Pact**

Renewable packaging material now **88%** of total takeaway packaging

Key performance indicators	2019	2020
Investment in employee training (R'000)	1 901	1 571
Community investment (R'000)	2 100	2 350
Electricity consumption (MWh)	983	1 000
Water consumption (kl)	7 206	4 787
Waste recycled* (%)	71	66
Active loyalty club members ('000)	1 100	1 312
Loyalty club spend (R'm)	1 654	1 678
Customer compliments (% change)	(3.8)	0.1
Customer complaints (% change)	(6.7)	0.1
Group employee turnover# (%)	16.0	16.3
Black employees (%)	70.5	71.4
Female employees (%)	51.8	51.1
Black directors (%)	55.5	50.0
Female directors (%)	33.3	37.5

* Includes head office/regional offices only

Corporate employees only (excluding retail restaurant employees)



INTRODUCING SPUR CORPORATION

Spur Corporation is a multi-brand restaurant franchisor which is listed in the consumer services (travel and leisure) sector of the JSE.

Founded in 1967 and headquartered in Cape Town, the group trades through more than 630 franchise outlets in South Africa, the rest of Africa, Mauritius, the Middle East and Australasia. The group also owns and operates five restaurants in South Africa. The business operates a sauce manufacturing facility and follows a centralised procurement model for its South African franchise outlets.

The business was first listed on the JSE in 1986 and a corporate restructuring in 1999 resulted in the formation and listing of Spur Corporation, as we know it today.

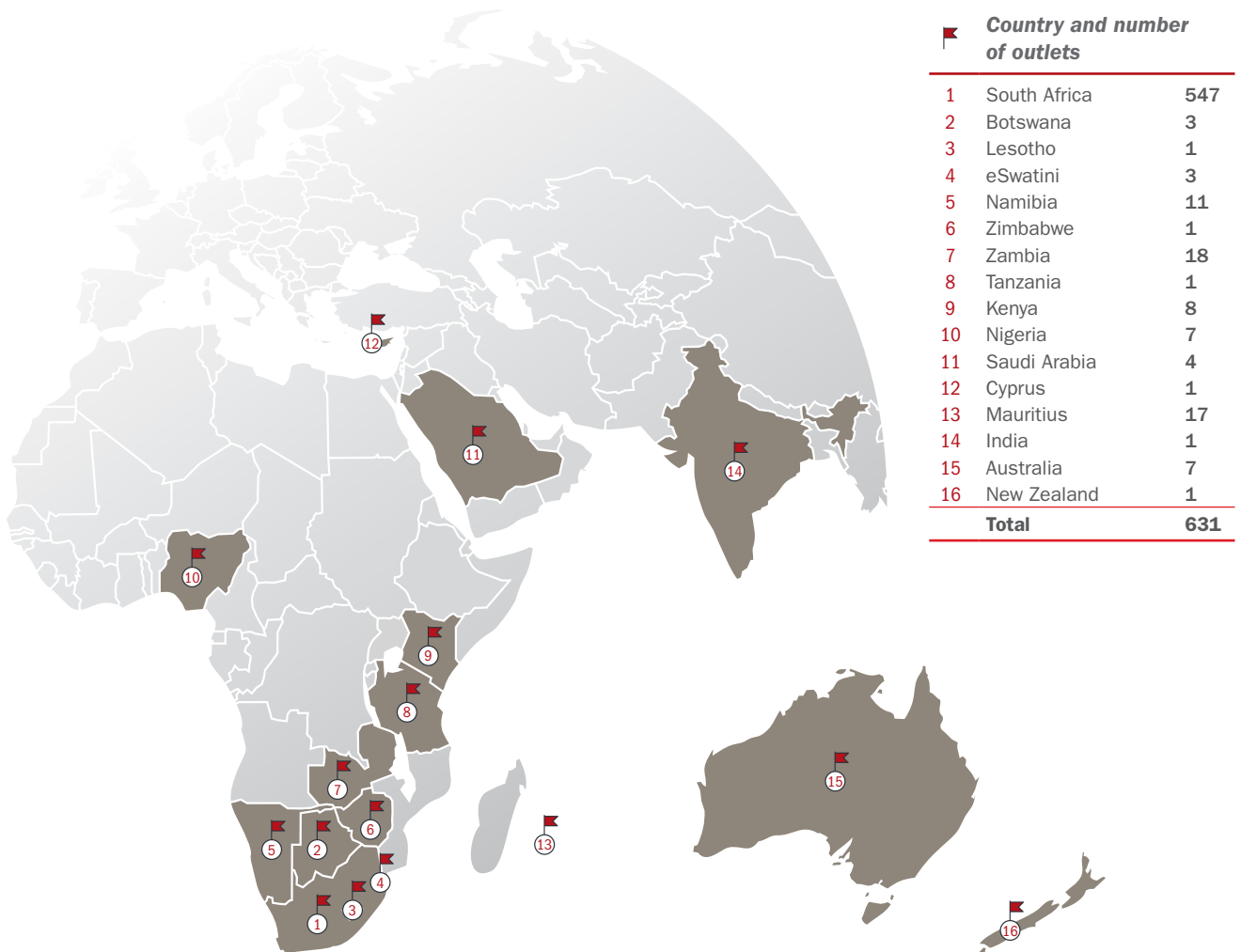
The group owns seven well-established and diverse brands, including some of South Africa's most recognised restaurant brands. These brands are Spur Steak Ranches (including Spur Grill & Go), Panarottis Pizza Pasta, John Dory's Fish Grill Sushi, RocoMamas (including RocoGo), The Hussar Grill, Casa Bella and Nikos Coalgrill Greek. The first virtual brands, which are only available for online ordering and delivery, were trial launched in June 2020. Refer to the Market-leading brands report on page 8 of the integrated report for more detail.



MARKETS SERVED BY THE GROUP

Spur Corporation has geographically diverse market exposure through its range of brands and multiple countries of operation, with 84 restaurants trading in 15 countries outside of South Africa. International restaurant sales accounted for 11.5% of total group restaurant sales in the reporting period.

The first international franchise restaurant was opened in Namibia in 1991 and five years later the first outlet outside of Africa was opened in Australia. The international restaurants and menu offering are similar to South Africa while being adapted to ensure local appeal.



OUR VISION

PASSIONATE PEOPLE GROWING GREAT BRANDS

To achieve this, we will continue to build a sustainable business with great brands which makes a positive and lasting difference in the lives of our customers, employees, franchisees, communities and the environment.

COMMITMENT TO SUSTAINABILITY

Statement from the chairman and chief executive officer

Sustainability has never been more relevant than in 2020 following the outbreak of COVID-19 and the devastating global social and economic impact of the pandemic.

The pandemic has highlighted the value of companies integrating effective environmental, social and governance (ESG) practices into their businesses to ensure longer term sustainability.

The sustainability of Spur Corporation was severely tested during what has been the most challenging trading period in the group's history. The forced closure of restaurants in South Africa for five weeks was followed by harsh trading restrictions for several months thereafter. Our international restaurants similarly all experienced trading limitations.

The group has shown its resilience and emerged from the crisis with a resolve to regain lost ground and restore the profitability of our franchisee base and the group.

As a responsible corporate citizen, the group is committed to sustainable business practices and responsible ESG practices. The sustainability of the group's business model is largely dependent on the profitability of our franchises, supported by ethical business practices, good corporate governance and environmental responsibility.

We believe that sustainable business practices support financial growth by increasing efficiencies and reducing costs, and enabling the group to comply with regulations related to climate change, resource management and transformation.

Brand reputation is an asset in today's volatile trading environment. Customers, potential employees and investors are more likely to support brands that are active in their communities and have clear positions on sustainability and fair and just employment practices.

In a post COVID-19 environment, we understand that we need to look beyond business as usual. The group's long-term financial sustainability will determine how we address and manage social and environmental risks, opportunities, legislative requirements and best practice. These issues need to be elevated in the boardroom and inform the group's strategies. As this sustainability report highlights, the group has made most encouraging progress across several areas of sustainability and we recognise that we can and need to do more.



Mike Bosman
Independent non-executive chairman



Pierre van Tonder
Chief executive officer

FRANCHISEE SUSTAINABILITY

The group's priority is to ensure the financial sustainability of franchisees and management committed to supporting the restaurant owners throughout the lockdown. This included discounting monthly franchise and marketing fees which are the primary source of the group's revenue.

A decision was taken to waive franchise and marketing fees from mid-March ahead of the start of the national lockdown on 27 March 2020 until the end of April 2020 when all outlets were closed. The Spur Steak Ranches franchise fee was discounted from 5% to 3% of restaurant turnover and the marketing fee from 4% to 1% from May 2020.

Franchisees were allowed to reopen restaurants at their discretion under the various levels of lockdown as trading restrictions were relaxed, empowering them to make decisions that were in their personal financial interests.

Following the reopening of restaurants, trading strategies have been implemented to restore franchisee profitability by driving turnover through promotions and value campaigns, and brand innovation.

MATERIAL ISSUES AND RISKS

Material issues have been identified that could significantly impact on the group's revenue and profitability, and therefore influence the group's ability to achieve its strategic objectives and to create value for shareholders in the short, medium and long-term.

Impact of COVID-19

The COVID-19 global pandemic and the resultant harsh trading restrictions have had a material impact on the group's stakeholders, business operations and financial performance and this is anticipated to continue in the short to medium term.

Risks

- Declining restaurant sales impacting group revenue and profit, and returns to shareholders
- Slow restaurant sales after re-opening as customers stay home to limit possibility of infection
- Restrictions on sale of alcohol and lockdown curfews negatively impacted trading
- Trading disruption in restaurants owing to employee infections
- Restaurant closures where franchisees are not able to trade profitably
- Supply chain challenges owing to possible factory closures impacting product availability
- South Africa reverting to stricter lockdown levels should infection rates escalate significantly

Risk mitigation and opportunities

- Financial relief granted to franchisees by waiving or extensively reducing franchise and marketing fees during the different stages of national lockdown
- Franchisees could determine if and when it was financially viable to reopen their restaurants
- Strong balance sheet ensured that the group did not need to access external funding during the lockdown period
- Intense focus on cash preservation and tight cost management
- Deferment of payment of interim dividend to provide greater balance sheet flexibility during lockdown
- Reduced workweek and 20% salary reduction implemented for all staff from 1 June 2020 to 30 September 2020
- Fees paid to non-executive directors were also reduced by 20% for the same period



Franchisee profitability

The sustainability of the group is dependent on the success of its franchise business model. The profitability of franchisees and their revenue contribution through the payment of franchise fees is therefore critical to the long-term viability of the group (refer to Business Model on page 10 of the integrated report for further detail on the franchise model).

Risks

- Above-inflation increases in wages, occupancy costs, utilities and food prices erode franchisee margins as these increases cannot be matched with menu price increases
- Brands with a high proportion of takeaway food are under further pressure owing to high delivery costs charged by third-party delivery partners
- Electricity load shedding is a major financial burden as restaurants either cannot trade or franchisees are required to invest in generators or back-up power supply
- Non-compliance with broad-based black economic empowerment (BBBEE) requirements could impact on franchisees securing new leases and operating licences (including liquor licences)
- Failure to embrace technology and digital marketing could result in the group's brands becoming less relevant and losing market share

Risk mitigation and opportunities

- Franchise model regularly reviewed and adapted to support franchisee profitability
- Franchise model is flexible and responsive to market conditions, as demonstrated by reduction in franchise fees during the COVID-19 crisis
- Regular engagement between operational management and franchisees to improve efficiencies and reduce costs
- Continuous refinement of the labour model applied in restaurants
- Management of selling prices to ensure brands remain competitive and profitable
- Ongoing menu engineering meets customer needs and enhances franchisee profitability by optimising a restaurant's sales mix and product range, and reducing waste
- Introduction of virtual kitchens and brands will enable franchisees to increase their return on investment, attract new customer markets and expand their product offering (including home meal kits)
- Centralised procurement ensures consistent food supply and more competitive pricing for franchisees
- Reduce operating costs by adopting environmentally sustainable energy and water consumption practices
- Ongoing training of franchisees on all new regulations
- Franchisees encouraged to include black equity operating partners to improve BBBEE compliance
- Adapting to healthier eating trends including vegan-friendly, plant-based protein products
- Focus on innovation and IT infrastructure development to meet rapidly changing market dynamics

Economic and trading environment

The fragile trading environment which prevailed in South Africa before the outbreak of COVID-19 has been exacerbated by the pandemic which has contributed to a significant worsening of the financial position of many South Africans.

Risks

- Increasing levels of unemployment impacting the group's core middle income target market
- Protracted period of recovery expected for the restaurant industry
- Load shedding and the related trading disruption impacting on restaurant sales

Risk mitigation and opportunities

- Focus on product quality, value, customer experience and innovation to attract and retain customers
- Consolidation of restaurant industry following lockdown restrictions could reduce competition and create opportunities for the group's brands to grow market share
- Diverse brands, restaurant formats and target markets, with brands serving higher income customers generally more resilient to the economic downturn
- Virtual kitchens and brands will appeal to new markets not currently served by the group's brands

Product safety and responsibility

Adopting the highest standards of food safety across the supply chain is critical for a restaurant group, supported by responsible and sustainable sourcing practices.

Risks

- Non-compliance with food safety standards in restaurants and the sauce manufacturing facility could expose the group to financial liability and loss of brand equity
- Compromised food safety standards in manufacturing facility could cause serious injury or even death
- Potential reputational damage of using products which are not responsibly and sustainably sourced

Risk mitigation and opportunities

- Suppliers are independently reviewed through specialised food safety audits
- All suppliers reviewed for Hazard Analysis and Critical Control Points (HACCP) and/or ISO 22000 (Food Safety Management System) compliance
- Major suppliers regularly audited against HACCP and/or ISO 22000 standards
- All major suppliers servicing the group's brands through the outsourced distribution partner are ISO 22000 certified
- Sauce manufacturing facility is HACCP compliant
- Ongoing training of franchisee employees in food safety and food preparation
- Quality control in the sauce manufacturing facility monitored by team of food technologists
- Environmental sustainability assessments are conducted at certain suppliers
- Seafood is sourced from responsible suppliers complying with the SA Sustainable Seafood Initiative and Marine Stewardship Council guidelines
- Focus on ethical sourcing of product

Social media

The proliferation of social media usage and the speed and reach of these platforms makes the group vulnerable to the spread of damaging and malicious content.

Risks

- Damaging content could negatively impact on the image of the group's restaurants and on brand equity
- Loss of brand equity could significantly impact the revenue and profitability of franchisees and the group
- Increased marketing expenditure to launch strategies and campaigns to counter negative online publicity

Risk mitigation and opportunities

- Dedicated resources in the marketing and customer care departments monitor all online references to the group's brands
- Channels established to ensure timely and authorised responses to limit the impact of potentially viral comments, images or videos
- Policies and processes to limit restaurant-managed social media accounts and engagement between the group and the media

SUSTAINABLE DEVELOPMENT GOALS

The United Nations formally adopted the Sustainable Development Goals (SDGs) in 2015. These are 17 ambitious goals, disaggregated into 169 targets, which provide a framework to end poverty and reverse human impacts on the environment for a more sustainable planet by 2030.

The SDGs call for collaboration between all sectors, private, public, grassroots and government, to pursue opportunities to solve societal challenges through business innovation and collaboration.

The group initiated a process to determine how it can contribute to the advancement of the SDGs: which goals the group can affect most, and which ones most affect the group. This helps the group to communicate and measure its sustainability performance effectively and strategically.

Given the nature of our business, our values and our strategic focus areas, the group has aligned with nine SDGs and plans to report against these goals in future years.



COMPLIANCE AND SAFETY

Compliance is a fundamental element of good governance while the health and safety of employees and customers is paramount.

FOOD SAFETY

All central procurement suppliers are required to comply with the group's procurement policy regarding food safety. Before being included in the group's supplier base, suppliers must present a valid food safety certificate. The group accepts:

- Hazard Analysis and Critical Control Point (HACCP)
- Global Food Safety Initiative intermediate and higher
- Foundation Food Safety System Certification 22000, which uses independent standards such as ISO 22000.

For smaller suppliers, the Food Standards Agency audit related to food safety, with a documented process to gain certification, is acceptable. The food safety certificate needs to be endorsed by a recognised certification body.

Major suppliers are regularly audited against HACCP and/or ISO 22000 standards, and all suppliers are encouraged to achieve full compliance. Environmental sustainability assessments are conducted at certain suppliers, and three qualified food technologists monitor quality control in the sauce manufacturing facility.

99%

of the group's centrally approved suppliers are certified in at least one of the required food safety standards.

(2019: 100%)

STORAGE AND DISTRIBUTION

All Spur Corporation restaurants source the majority of their products through Vector Logistics, the group's third-party logistics provider, from four major distribution hubs. Vector is ISO 22000 certified, with established and certified food safety systems in place. Vector is compliant with Regulation R638, which governs general hygiene requirements for food premises, the transport of food and related matters, and extends to every delivery vehicle.

FRANCHISEE BLACK ECONOMIC EMPOWERMENT RATING

Franchisees are encouraged to improve their BBBEE status as part of the group's commitment to transformation. Due to the complex nature of franchisee ownership structures, it is difficult to determine exact transformation metrics.

Where franchisees are unable to produce verified BBBEE certificates, there is a risk they may not be granted business licences, liquor licences or leases in strategic locations, or that they may be penalised by landlords.

The BBBEE status of suppliers can have a significant impact on those of franchisees and the group's procurement team uses its influence to effect transformation at suppliers of the group's third-party logistics provider.

PROHIBITION ON MARKETING FOOD ITEMS DEEMED TO BE UNHEALTHY

Guideline 14 of the Foodstuffs, Cosmetics and Disinfectants Act was released in 2015 by the Department of Health (DoH). This guideline impacts the group as it prohibits marketing food items deemed to be unhealthy.

The group continues to engage the DoH through the Consumer Goods Council of South Africa to explore ways in which the industry can self-regulate to address issues raised within the guidelines.

The DoH was satisfied with the levels of compliance of the "Better for You" meals and healthier swap-out recommendations for consumers. Spur Corporation remains committed to the undertakings made by the industry to the DoH, and the "Better for You" meals now feature on the children's and adult menus of Spur, Panarottis and John Dory's.

The group will continue to review menu content to promote healthier eating options.

THE FRANCHISEE ASSOCIATION OF SOUTH AFRICA (FASA) CODE



FASA is a non-profit organisation that represents the interests of franchisors, service providers and franchisees in South Africa with the objective to promote ethical franchising.

FASA and many of its members have suffered owing to the COVID-19 trading restrictions and the association is currently planning changes to ensure its viability and sustainability.

The FASA Franchisor Food Forum, established in 2018 and chaired by Spur Corporation, was placed on hold due to limited interest and the impact of COVID-19 on the restaurant sector.

The group's management engages with other industry role players in the casual dining and quick-service restaurant franchising industries to monitor developments to proposed legislation and regulations.



HEALTH AND SAFETY

The group's corporate offices and manufacturing facilities have health and safety systems in place that are audited by an external party. Health and safety are particularly relevant to the sauce and décor manufacturing operations. Manufacturing sites are audited monthly and non-production sites quarterly.

The group's occupational health and safety structures are monitored by the health and safety committee. Monthly health and safety reports are submitted to the group's compliance officer, and progress on health and safety compliance is reported to the chief executive officer quarterly.

Health and safety at franchise restaurants

Franchisees are responsible for health and safety at their restaurants. Compliance is a key concern for the group as it could pose a reputational risk, particularly where kids play facilities are concerned.

During the COVID-19 pandemic, franchisees were trained in Department of Health and National Institute for Communicable Diseases protocols. The health and safety of staff and customers is a top priority and is a major focus of the operations teams in their regular inspections of restaurants.

All restaurants are thoroughly cleaned before trading commences and staff have been provided with the necessary personal protective equipment. Restaurants were also reconfigured to allow access to third-party delivery drivers and allow for at least 1.5 metres between occupied tables to comply with social distancing requirements. The number of staff working in restaurants has also been limited.

The group is progressing the development of its branded apps which will facilitate contactless ordering and payment in future.

The group supports health and safety at franchise restaurants through occupational health and safety and first aid training. Franchisees' health and safety procedures and policies are reviewed by the operations management teams to ensure these comply with the relevant legislation.

Franchisee employees receive extensive training in food preparation and food safety. Kitchen and front-of-house employees are trained in the "clean as you go" principle. Every day, before restaurants open, the prescribed opening checklist covers food safety and hygiene. Kitchens have trained quality coordinators, who check meals before delivery to customers. Managers in each restaurant conduct food quality and hygiene checks several times a day.

At least every two months, corporate operations managers conduct detailed food, hygiene and safety audits on-site at restaurants. Regular service and standards audits are also conducted. CCTV cameras are in place in many restaurants to monitor front-of-house and back-of-house kitchen adherence to strict hygiene standards.

CUSTOMER ENGAGEMENT

Customer satisfaction and the growth and retention of a loyal customer base are important value drivers for Spur Corporation. Service excellence is a critical component of the brand promise at each restaurant.

LOYALTY PROGRAMMES

The group's customer loyalty programmes are aimed at growing sales, retaining customers and rewarding loyalty. The RocoMamas Royalty app was launched in August 2019, which included loyalty, gifting and scan to pay features.

High levels of brand and customer loyalty have continued to support sales, particularly in the current constrained environment. The Spur Family Club, Panarottis Rewards, John's Club and RocoMamas Royalty loyalty programmes totalled 1.3 million active customers at year end. These loyalty programmes contributed 33.1% of restaurant sales in Spur, Panarottis, John Dory's and RocoMamas in the reporting period.

Spur Family Card



Panarottis Rewards



John's Club



RocoMamas Royalty



1 312 000

active loyalty club members

(2019: 1 100 000)

R1 678 million

loyalty club spend

(2019: R1 654 million)

Loyalty programme	New members in 2020	Total active members	Target 2021
Spur Family Card	328 725	945 864	984 000
Panarottis Rewards	133 000	252 840	263 000
John's Club	51 000	111 959	116 000
RocoMamas Royalty	23 700	1 508	3 000

A focus area for RocoMamas in the year ahead will be integrating the RocoMamas Royalty app with Mr D and Uber Eats to enable customers to earn loyalty rewards when ordering from third party delivery services.

The group's investment in technology and e-commerce solutions drives customer engagement, enabling the brands to personalise communications to the database of 1.3 million loyal customers. During the year, physical gift cards were introduced for The Hussar Grill, Casa Bella and Nikos Coalgrill Greek. When lockdown restrictions were eased to allow for delivery-only services from restaurants in May 2020, own-branded click and collect and delivery solutions were launched for Spur, Panarottis, John Dory's and RocoMamas.

1st

**Spur Steak Ranches first in
Sunday Times Top Brands awards
in the sit-down restaurant category**

Customer contact centre

Interactions with the contact centre increased by 16% in the first nine months of the financial year until the lockdown, with 92% of interactions relating to customer queries, 5% complaints and 3% compliments. Interactions declined by 92% in the fourth quarter when restaurants were closed for two months. Telephony remains the most popular contact medium with customers.

Complaints are shared with operations management to highlight potential training needs, prevent negative experiences and share customer sentiment on the brands and products.

Positive customer feedback is also shared with restaurants to improve staff morale and motivation.

The majority of the interaction with the contact centre related to loyalty programme vouchers, balances on loyalty cards, registering loyalty cards and updating customer information.

Social networking agents observe, monitor and respond to customer conversations on the 94 social media pages of the seven brands across Facebook, Twitter and Instagram.

Social media activity across all brands	Number of reviews	Average brand score
Local reviews	410 367	4.44
International reviews	45 695	4.30
Total reviews	456 062	4.37

456 062

social media reviews by customers

In 2021, management plans to integrate telephony and social media with the group's customer relationship management system to improve customer service and contact centre agent efficiency.

4.37 out of 5

**average rating on social media
across all brands local and international**

2 320

Total customer social media interactions 2020



TRANSFORMATION

Spur Corporation believes that the long-term success of South Africa is critically dependent on transformation and the group is committed to the principles of BBBEE.

Transformation is monitored by the executive committee and the social, ethics and environmental sustainability committee of the board. Progress is measured against the Department of Trade, Industry and Competition's Codes of Good Practice. The group reports under the tourism sector BBBEE codes.

The group's transformation strategy focuses on the organisation's role as a good corporate citizen to address South Africa's challenges of inequality and diversity, and address economic empowerment of those who have been previously disadvantaged.

Part of this strategy is to entrench black economic empowerment throughout the business by raising awareness, sharing knowledge and implementing better monitoring systems. The focus in the past year has been on internal training and implementing appropriate systems and reporting mechanisms.

EMPLOYMENT EQUITY

Employment equity is a critical component of transformation and a priority for Spur Corporation.

The group's employment equity plan aligns its recruitment policy with the requirements of the BBBEE Codes of Good Practice.

Recruitment practices are aligned with the equity and transformation workplace goals targeting gender and equity representation. In the past year, 97% of employees recruited were black and 44% female.

In accordance with the Employment Equity Act of South Africa, the table below provides a summary of the group's employment equity position in respect of its operations in South Africa at 30 June 2020:

	Designated groups							Non-designated groups			Total	
	Male			Female				Male		Female	2020	2019
	A	C	I	A	C	I	W	W	F	F		
Top management	-	-	-	-	-	-	-	3	-	-	3	3
Senior management	2	2	-	1	-	-	5	24	-	1	35	36
Professionally qualified and experienced specialists and mid-management	13	12	4	3	6	2	17	22	-	2	81	81
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	18	22	-	11	32	4	29	3	1	-	120	121
Semi-skilled and discretionary decision-making	35	8	-	50	15	2	12	16	22	14	174	186
Unskilled and defined decision-making	19	-	-	27	4	-	-	-	3	2	55	54
Total 2020	87	44	4	92	57	8	63	68	26	19	468	
Total 2019	100	44	5	93	58	9	74	65	18	15		481

A = African; C = Coloured; I = Indian; W = White

F = Foreign

BOARD DIVERSITY

Currently 50% of the Spur Corporation's board of directors are black and 33% female. This exceeds the voluntary targets included in the board diversity policy which requires the board to comprise not less than 25% black directors and 20% female directors. Following the appointments of the group's new CEO and CFO as executive directors early in 2021, 50% of the board members will be women.

COMMUNITY SUPPORT

One of Spur Corporation’s core values is the spirit of generosity. The group is committed to making a positive and lasting difference in the lives of the communities in which it operates.

THE SPUR FOUNDATION



The Spur Foundation was established on International Mandela Day, 18 July 2012. The foundation aims to uplift and improve the lives of South African families, especially children. The group’s corporate social investment (CSI) initiatives reflect the foundation’s motto “Nourish, Nurture, Now!” through feeding and education programmes for children under the age of six.

In 2014, the group committed to funding the foundation through a donation of 500 000 Spur Corporation Ltd shares. The dividends from these shares provide ongoing annuity income to support the foundation’s CSI initiatives. Funding is further supplemented through restaurant campaigns, fundraising initiatives and a voluntary employee salary deduction donations scheme.

Total CSI spend
R2.35 million

(2019: R2.1 million)

Early childhood interventions are important as they help mitigate the impact of adverse early experiences which if not addressed could lead to poor health (eg non-communicable diseases such as obesity, cardiovascular disease and diabetes), poor educational achievements, economic dependency, increased violence and crime, greater substance abuse and depression, all of which add to the cost and burden on society.

Employees who are actively involved in a charity or community project are able to apply for funding support from the Full Tummy Fund Staff Initiatives fund. This programme is well received by employees and requests include groceries for soup kitchens run by employees, food for animal shelters, church fundraisers, donations in aid of orphanages, schools and feeding schemes.

Several employees initiated feeding schemes within their communities to support families in need during the COVID-19 lockdown period and the foundation supported these initiatives with donations of food and essential items needed.

Similarly, the foundation partnered with the group’s sauce manufacturing facility in creating a temporary soup kitchen to assist feeding communities in the Western Cape during lockdown. This project proved a huge success, with over 7 100 litres of soup or 24 000 meals being prepared. The soup was packaged and distributed mainly through CoolPlay and Ladles of Love to learners in Khayelitsha as well as the Slovo Kitchen in Joe Slovo Park and Community Kids Pot in Philippi.

In 2018, the foundation created a Franchisee Fund which allows franchisees to apply for funding for charitable organisations they support. This has contributed to a closer working relationship between franchisees and the foundation.

**Total spend on staff and franchisee
community initiatives**

R107 461



“We know that the first five years have so much to do with how the next 80 turn out.” – Bill Gates, co-chair of the Bill and Melinda Gates Foundation.

FULL TUMMY FUND



The Spur Foundation, through its Full Tummy Fund, remains focused on early childhood development (ECD) and nutrition for children from disadvantaged communities up to the age of six. The organisations we support focus on training ECD practitioners, equipping ECD centres with educational material, as well as ensuring that these children receive proper nutrition while at school.

The main beneficiaries of the Full Tummy Fund are:



The Early Care Foundation



Joint Aid Management



The Lunchbox Fund



Reach for a Dream



The Teddy Bear Clinic



Sisanda FunDaytion

The fund is extremely proud of its partnership with The Early Care Foundation (previously ASHA Trust) where we have adopted 37 day care centres in Alexandra as beneficiaries of various training programmes, which include basic ECD training, business and financial management, child development and inclusion. The initial 19 day care centres are all self-sustaining, have doubled the number of staff they employ, increased salaries paid to staff and grown the number of children in their care. The principals of these centres are mentors to other centres that are adopted into the programme and provide a support structure to all new recruits.

The fund continues to partner with JAM South Africa (Joint Aid Management) and The Lunchbox Fund on feeding young children at under-resourced day care centres in the Western and Eastern Cape. Currently, the fund supports the feeding of 813 children in these two provinces, providing each child with at least one nutritious meal every school day. Both organisations continued to support these children and their families during lockdown.

The Full Tummy Fund is featured on the kids menus at Spur Steak Ranches, Panarottis and John Dory's, where a portion of the sales of certain menu items are donated to the fund. In the 2020 financial year, this initiative raised R1 196 706, which was lower than anticipated as a result of the lockdown in the last quarter.

A team of senior employees and franchisees participated in the Coronation Double Century in November 2019 to raise funds for the Full Tummy Fund. The Double Century is South Africa's premier endurance road cycling event, spanning a distance of 202km. Franchisees were invited to support the team through donations which raised R585 000 for the Full Tummy Fund.

GRASSROOTS DEVELOPMENT PROGRAMMES

Spur Soccer Masidlale

Since the launch of the Spur Soccer Masidlale programme in 2005, Spur Steak Ranches has invested over R23 million and the programme has touched the lives of over 33 000 children across South Africa.

The programme started with annual soccer clinics and became a seven-week programme where children aged 10 to 12 years enjoy weekly league games ending in regional finals. Unfortunately, the programme did not take place this year due to COVID-19.

The programme provides an opportunity to uplift 400 boys and girls from 20 schools, providing extramural activities for children in previously disadvantaged areas, giving them a taste of teamwork, a sense of belonging to a team and honing their skills in a form of fun competition.

Ithembelihle rugby

Spur has supported rugby at the Ithembelihle Comprehensive School in Port Elizabeth since 2008. Sadly, this year's schoolboy rugby programme was cancelled due to COVID-19. Spur has a proud association with the school, assisting with rugby kit, travel, accommodation and food costs to participate in tournaments.



HUMAN CAPITAL AND SKILLS DEVELOPMENT

Spur Corporation's business model is anchored in its human and intellectual capital.

468

employees
(2019: 481)

Spur Corporation aims to be an employer of choice. Each brand and division's strategy is underpinned by the commitment to 'empower teams and individuals to deliver and grow'.

The human resources function develops employees through training and personal development. Human resources policies ensure employees are equitably remunerated and appropriately incentivised to develop and progress in their careers. The group continues to invest in an active employee assistance programme given the social challenges experienced by many employees.

The group's remuneration policy has been reviewed and revised to align with best practice, and will be presented to shareholders for approval at the group's annual general meeting in December 2020. The necessary processes have been implemented to ensure that all positions are graded and benchmarked.

The new minimum wage for corporate employees within the group is R6 500 per month, aligned to the principle of a living wage. Company-owned retail restaurants comply with regulations governing minimum pay.

An organisational culture project is being undertaken, including employees from retail restaurants and corporate offices. The project includes developing corporate values, defining the corporate culture, incorporating values and culture into the performance assessment process and communicating the values to corporate staff and franchisees.

Ethical audit

The human resources department is required to report to the social, ethics and environmental sustainability committee and the board on the group's compliance with the following:

- The UN Global Compact (UNGC) Principles on Human Rights and Labour Standards;
- Activities relating to the promotion of equality, prevention of unfair discrimination and the reduction of corruption; and
- Compliance with the International Labour Organisation's (ILO) labour protocols in respect of working conditions.

Following the voluntary ethical compliance audit conducted in December 2019, all policies and plans were reviewed to ensure the group's compliance with the three principles referred to above.

The 4 pillars of a SMETA



Labour Standards

Health & Safety

Business Ethics

The Environment

The audit was conducted in accordance with the Sedex Members Ethical Trade Audit (SMETA) ethical audit format using best practice guidance and measurement criteria. Areas of non-compliance were recorded to ensure corrective action or continuous improvements are implemented.

Risk assessments have been conducted and documented at all corporate facilities, including retail restaurants, with sites having conducted risk assessments ahead of the ethical audit.

Employee wellness

The group seeks to enhance the wellbeing and financial literacy of employees, thereby improving productivity and alleviating financial stress.

Discovery's Healthy Company employee assistance programme was introduced into the group in February 2020. The programme focuses on four key dimensions of wellbeing: physical, emotional, financial and legal support.

Wellness initiatives include participation in the annual Discovery Health wellness day, psychological support and trauma counselling, flu injections and eye screenings, encouraging employee involvement in social fitness events and hosting personal financial management workshops.

Employee development, training and upskilling remain a core focus, with emphasis placed on leadership, career development and succession.

58%

of employees trained
(49% female; 69% black)

Middle and senior management attended governance training presented by the Institute of Directors of Southern Africa to raise further awareness regarding ethical leadership.

R798 800

**invested in bursaries for 51 children
of employees
(2019: R681 800 for 40 children)**

The group is aiming to increase its involvement in graduate, learnership and internship programmes. Currently two accounting technician learnerships are being undertaken while 17 employees are studying towards degrees, with 82% being black and 59% female employees.

TRAINING

The business is committed to training and developing group and franchisee employees to ensure the long-term sustainability of the group.

Skills development

The continuous learning and development of group and franchisee employees is an important tool to ensure that the group not only retains but also develops employees for future roles. By constantly updating learning content, intellectual property and facilitation methodologies, the group aims to keep employees relevant and equipped with the necessary knowledge and skills to execute their functions.

Franchisee employee training

Skills development of franchisee employees is one of the most important ways in which the group supports franchisees to run successful businesses. It is also a way in which the group can ensure that it continues to build its brands and foster customer support by ensuring that every visit to one of its restaurants is a fun and satisfying experience.

Spur Training Academy

Over 10 500 franchisee employees were trained at internal workshops, while 13 700 participated in online e-learning during the year. Since the start of the lockdown, 5 371 employees have been trained online, with most of these sessions focused on employees who were returning to work under the COVID-19 protocols.

The training academy was accredited with the Services Sector Education and Training Authority (SETA) during the year. This will enable the academy to not only provide accredited short courses to franchisees, but also offer external training. The academy has applied to the FoodBev Seta to become an accredited training provider for a hygiene programme.

10 544

franchisee employees trained

Practical training

Practical training, designed to ensure franchisees and management are capable of operating all aspects of a franchise business, is delivered at accredited training restaurants in Gauteng, KwaZulu-Natal and the Western Cape. In total, 208 people were trained at these restaurants during the year.



ENVIRONMENTAL SUSTAINABILITY

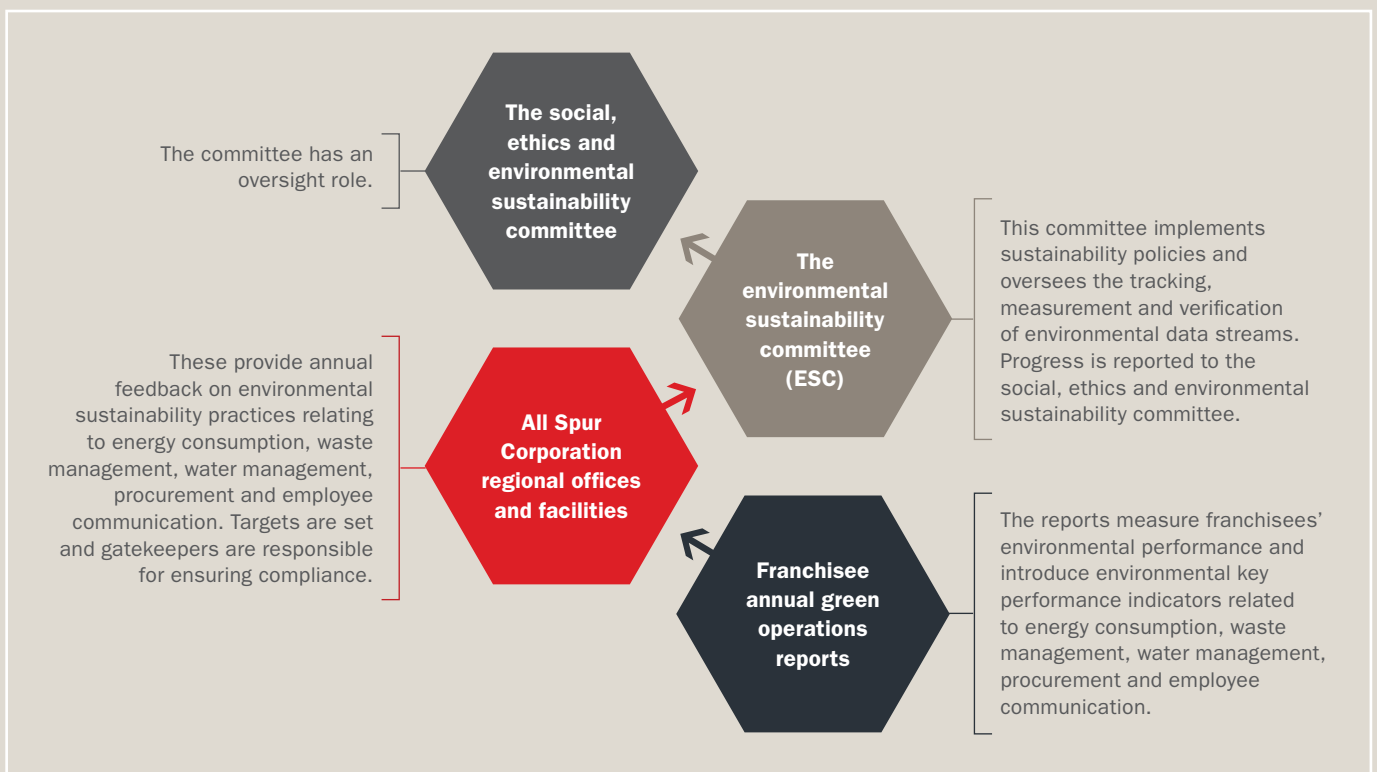
As a responsible corporate citizen the group is committed to sustainable environmental practices to secure the long-term sustainability of the business.

GOVERNANCE OF ENVIRONMENTAL SUSTAINABILITY

Although the direct environmental impact of operations at a corporate level is limited, the group monitors its use of energy, water and waste to reduce these responsibly.

The environmental impact of restaurants and the supply chain is far greater, and the group uses its influence to promote positive environmental practices with franchisees and suppliers.

The group manages sustainability through the following structure:



Spur Corporation's brands are dependent on a perpetual supply of inputs, such as meat, fish, produce, clean water and energy. The effects of global warming are a major concern in the industry as extreme climatic conditions, droughts, depletion of fishing resources and wildfires impact on food production, the availability of locally sourced products and the increasing costs of manufacturing.

Red meat is a significant contributor to global environmental concerns, including climate change, pressure on water resources and deforestation for feed. Fish resources are under extreme pressure and the group is continually challenged by availability of sustainable supply. The group is faced with the reality of species decline as green-listed sustainable products dwindle. Water unavailability is becoming a reality in South Africa, increasing production and resource costs and impacting franchisees' profitability.

Resource efficiency also promotes cost savings and there is a notable paradigm shift worldwide relating to environmental sustainability.

SUSTAINABLE PROCUREMENT

The group's ethical sourcing supplier requirements encompass the principles of the Ethical Trading Initiative Base Code and international standards set out in the International Labour Organisation Conventions. The group's supplier declaration commits suppliers and franchisees to adhere to guiding principles that cover human rights issues, labour practices, health, safety and environmental practices, business ethics and intellectual property rights.

Supplier assessments are conducted which include green procurement and ethical sourcing considerations. The group's outsourced logistics partner has an ISO 14001-aligned environmental management programme and their three distribution hubs are ISO 14001 accredited.

Sustainable seafood management

The group, and in particular the John Dory's brand, is committed to procuring sustainable seafood products that are Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certified. In partnership with the World Wide Fund for Nature's (WWF) South African Sustainable Seafood Initiative (SASSI), John Dory's has taken decisive action to assist in reviving the state of fish stocks by supporting sustainable fishing practices. The group is compliant with the SASSI "Seafood Promise" and does not procure or sell any species that are on the SASSI red list or from fisheries that are not in a fish improvement project.

In alignment with the brand's sustainability commitment, John Dory's has undertaken several customer campaigns that focus on sustainable management and supply of fish species. An example of this was the *Pacific Rockfish* promotion. The procurement and brand teams were able to offer this species to customers for a four-month period, selling approximately six metric tons. This highlights how the *Pacific Rockfish*, a previously nearly depleted species, was able to rebound far earlier than expected through proper management and collaboration.

In accordance with the brand's commitment to the UN Sustainable Development Goals (UN SDGs), John Dory's aims to build relationships with local suppliers to support economic growth as well as promote sustainable supply of well-managed seafood resources. John Dory's' *mussels* (green-listed species) are, for example, procured from a local west coast farm that uses the rope-hung farming method.



Palm oil

RocoMamas, Panarottis, The Hussar Grill and John Dory’s use locally sourced seed oil as their frying agent. Spur’s planned conversion to a slightly more expensive soft oil to replace palm oil was placed on hold due to the impact on COVID-19 on trading and the profitability of the group’s brands.

Cage-free eggs

There is an international mandate to shift from battery caged eggs to more humane conditions for egg laying birds. Public opposition to battery cage confinement is a further driver for change. The business recognises that best practice in this regard will support its position on sustainable and humane procurement. The procurement team started engagement with the Humane Society International to assess opportunities and identify certified farms, but the project is currently on hold due to COVID-19.

RESOURCE MANAGEMENT

Sustainable packaging and materials

There continues to be a conscious move the world over to reduce single-use plastic. Non-renewable items in the restaurant industry include condiment packaging, food containers and lids, cutlery, straws, trays, wax paper bags, wet wipes and plastic bags.

Packaging used for takeaway food

Over the past four years the group has reduced the use of non-renewable packaging material by 69%. Problematic plastic materials, such as polystyrene and plastic straws, are no

longer procured by the group. Based on the total weight of material, there has been a 27% increase in the use of renewable materials in the past year and now 88% of total packaging is renewable.

Paper bag use increased by 25% to 213 tons. Plastic bags were initially removed but owing to COVID-19 related health and safety concerns and protocols, 1.3 tons of plastic bags were purchased. This still represents a significant reduction from the 24 tons used in the previous financial year.

Other stock items

Restaurants use generic stock items including menus, placemats, balloons, kids’ activity packs, wristbands, reward cards, docket books and toothpicks. There has also been a major shift towards more renewable materials, increasing from 59% to 78% of these total stock items. Balloons and balloon sticks have reduced from 47 tons to 14 tons over the past year and are being phased out.

88%

**of total packaging is produced
from renewable material
(2019: 69%)**

**Polystyrene and plastic straws eliminated
Balloons and plastic bags being phased out**



JOHN DORY’S BRAINIACS COMPETITION 2020 – KLOOF SENIOR PRIMARY SCHOOL

The first-ever John Dory’s Brainiacs competition was a resounding success! We challenged 115 pupils in Grade 7 from Kloof Senior Primary School to create their own creative sustainable packaging designs, to help reduce the harmful effects of plastic pollution.

FOUNDING MEMBER OF SA PLASTICS PACT

Spur Corporation is one of the founding members of the SA Plastics Pact which was launched on 30 January 2020.

The Pact members are focused on a series of ambitious targets for 2025 to prevent plastics from becoming waste or pollution, with the overarching goal of creating circular economies related to non-renewable materials.

The SA Plastics Pact is a result of collaboration between the World Wide Fund for Nature, the South African Plastics Recycling Organisation (SAPRO) and the Waste and Resources Action Programme (WRAP) UK. The SA Plastics Pact, with the support of the founding members, is managed by GreenCape.

The Pact is the latest to join The Ellen MacArthur Foundation's Plastics Pact global network, aligned with the New Plastics Economy vision. The first of its kind in Africa, the SA Plastics Pact joins France, the UK, the Netherlands and Chile, to exchange knowledge and collaborate to accelerate the transition to the circular economy for plastic.

By 2025, all members commit to the following goals:

GOAL 1	GOAL 2	GOAL 3	GOAL 4
Act on problematic or unnecessary plastic packaging through redesign, innovation or alternative (re-use) delivery models	100% of plastic packaging to be reusable, recyclable or compostable*	70% of plastic packaging to effectively be recycled within the South African context	30% average recycled content across all plastic packaging

* In the case of compostable items, this is applicable only in closed loop and controlled systems with sufficient infrastructure available or fit for purpose applications.

Green Feather Rewards

The group's Green Feather Rewards recognise franchisees for improvements relating to energy consumption, water conservation, waste management and eco-procurement of non-centralised produce.

The awards are based on the outcome of the annual green operations reports. Owing to the COVID-19 pandemic the green operations reports and the awards for 2020 were postponed until 2021.

The green operations reports enable management to monitor the group's total environmental impact and the data is interpreted by the eco team and an external partner. This provides input into future projects to assist franchisees in reducing resource consumption, waste and output costs.

Energy

Electricity consumption at head office and the corporate facilities decreased by 15% over 2019 levels, mainly attributable to the COVID-19 lockdown and consequent closure of offices and facilities. Energy consumption was negatively affected by the installation of new cold rooms to manage supply chain efficiencies in the group's sauce manufacturing facility.

The widespread electricity load shedding across the country from October 2019 to March 2020 contributed to lower Eskom electricity consumption but led to higher levels of diesel consumption for on-site power generation.

Water

Water remains a scarce resource that requires ongoing measurement to ensure efficient usage. The consumption at the group's head office, including a COVID-19 adjustment to provide a year-on-year comparison, was consistent with the previous year but reflected an 18% decrease in the cost per kilolitre to R27 per kilolitre. During the Western Cape drought the cost increased to R50 per kilolitre from March to July 2018.

Water consumption for restaurants, like energy consumption, is not available owing to the green operational reporting process not taking place in 2020 due to the COVID-19 lockdown.

Travel

In the past 18 months there was an increase in long haul travel owing to the higher operational activity in India, Cyprus and Saudi Arabia where the group now has a presence. During the COVID-19 lockdown period, all flights were grounded and an adjustment was made to facilitate year-on-year comparisons.

Short haul economy flights declined by 16% while all other flight classes and distances increased by 15%. Total distances flown for the 2020 period (measured from July 2019 to March 2020 until the national lockdown) increased by 15% to 3 410 467 km while carbon emissions rose by 29% to 699 932 kg CO₂e.

Oil recycling

The management and safe disposal of used oil remains a priority and the group reports on the oil usage and effective closed-loop waste management at restaurant level. In the past year, 54% of the 2 360 kilolitres of oil used was collected by approved collectors for recycling, including conversion into biofuels. The annual target for spent oil collection is 30%. Restaurants are encouraged to filter and test oil daily to extend the product lifespan and reduce the amount of used oil waste.

FUTURE ENVIRONMENTAL FOCUS

The environmental sustainability committee (ESC) will continue to collaborate to build long-term sustainable frameworks that can mitigate impact, predict potential risk, explore opportunity and overcome barriers to ensure that the group operates well within the environmental boundary.

The ESC will be working with stakeholders to include the environmental strategy and key actions into the group's vision and strategy, and align activities with reporting frameworks and the UN SDGs.

The key activities of the ESC will focus on nine environmental sustainability focus areas:



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