



SPUR CORP.

PASSIONATE PEOPLE BUILDING GREAT BRANDS

SUPPLEMENTARY REPORT 2021



THIS REPORT PROVIDES ADDITIONAL INFORMATION TO THAT PROVIDED IN THE MAIN SECTION OF THE INTEGRATED ANNUAL REPORT.

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This document contains supplementary information to the main section of the integrated annual report.

For a comprehensive suite of reports, stakeholders should also refer to the:

- Main section of the integrated annual report
- Annual financial statements
- Remuneration review
- Remuneration policy
- Notice of annual general meeting and form of proxy

These are available at www.spurcorporation.com/investors/results-centre/



ABOUT THIS REPORT

We evaluated our business against environmental, social and governance (ESG) criteria and have attempted to address these in this supplementary section of the integrated annual report.

We are at the start of our reporting journey and will continue to improve our disclosures.

Readers can also refer to pages 11 to 18 in the main section of the integrated annual report.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet. At its heart are the 17 Sustainable Development Goals (SDGs). They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and create economic growth – all while tackling climate change and working to preserve our oceans and forests.

Given the nature of our business, our values and our strategic focus areas, the group has aligned with nine SDGs.



REPORT FROM THE SOCIAL, ETHICS AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE

The social, ethics and environmental sustainability committee (the SEES committee) is constituted in compliance with the requirements of the Companies Act and is governed by terms of reference which are reviewed and approved by the board annually. The terms of reference detail the duties, composition, role and responsibilities of the committee.

ROLE OF THE COMMITTEE

The committee acts in terms of the delegated authority of the board and assists the directors to monitor the group's activities and disclosures relating to legislation, regulation and codes of best practices. The committee is responsible for:

- Ethics
- Environmental sustainability
- Stakeholder engagement, including employees, customers, suppliers, communities and the environment
- Empowerment and transformation

COMPOSITION AND FUNCTIONING

The committee membership changed during the year, as follows:

- Mntungwa Morojele resigned as a non-executive director and member of the committee, with effect from 1 September 2020.
- Lerato Molebatsi, Jesmane Boggenpoel, Sacha du Plessis and Graeme Kiewitz were appointed to the board and as members of the committee, with effect from 15 October 2020, and the board elected Ms Molebatsi to chair the committee.
- Sadly, Graeme Kiewitz passed away on 18 January 2021 following a COVID-19-related illness.

Subsequent to year-end:

- Sacha du Plessis resigned from the group, with effect from 15 September 2021.
- Kevin Robertson was appointed, with effect from 16 September 2021.

At the date of the report, the committee comprised the following members:

- | | |
|-------------------------------|------------------------------------|
| – Lerato Molebatsi (chairman) | Independent non-executive director |
| – Jesmane Boggenpoel | Independent non-executive director |
| – Shirley Zinn | Independent non-executive director |
| – Kevin Robertson | Executive director |

Permanent invitees to committee meetings include the chief executive officer, chief financial officer, national procurement executive, head of legal, chief audit executive, the transformation and corporate communications manager who is also the chairman of The Spur Foundation Trust, and the environmental sustainability committee chairman.

The committee met twice during the financial year. Meetings are convened and conducted in terms of a detailed agenda, accompanied by supporting documents and presentations from the permanent attendees. These presentations focus on the main issues covered by the mandate of the committee and enable the committee to monitor its responsibilities. The committee actively engages with management during these presentations.

Attendance at committee meetings is detailed on page 10 of the governance review for the year ended 30 June 2021 and fees paid to committee members for 2021 and proposed for 2022 are detailed on page 91 of the audited consolidated annual financial statements and in the notice of the annual general meeting.

ACTIVITIES OF THE COMMITTEE

During the financial year, the following matters were considered by the committee and reported to the board:

- The group's code of conduct to determine compliance with statutory requirements, alignment with the culture of the business and the inclusion of matters relating to ethical behaviour.
- The group's compliance with applicable legislation, regulation and codes of good practice. During the year, the required Protection of Personal Information Act policies and procedures were implemented.
- Activities that incorporate United Nations Global Compact practices, promotion of equality and elimination of discrimination. An updated sexual harassment policy and discrimination policy was issued.
- Activities in terms of the International Labour Organisation protocols on decent working conditions. A forced and child labour policy and human rights policy was issued.
- The group's activities with regard to monitoring corruption risks.
- The group's transformation progress, including compliance with the Employment Equity Act and the Broad-Based Black Economic Empowerment Act.
- The socio-economic development initiatives undertaken by The Spur Foundation Trust. During the year, three independent trustees were appointed and the group's transformation and corporate communications manager was appointed as chairman. The trustees have commenced their review of the foundation's strategy to ensure continued sustainability of interventions.
- Environmental sustainability initiatives.
- The group's compliance with health and safety legislation and regulations.
- Areas relating to its statutory obligations and related good corporate governance and corporate citizenship.
- Engagement with all stakeholders, including the issuance of a revised Corporate Communications and Stakeholder Engagement Policy.

CONCLUSION

The committee believes that the group is substantively addressing the issues monitored by the committee in terms of its statutory mandate.

The committee recognises that issues within its mandate are constantly evolving and challenging, and is satisfied that the group's management is committed to implementing policies and practices to address these issues.

Further information on the group's social and environmental activities is available in the *How we manage our environment* and *How we manage our role in society* sections of this supplementary report.

The committee is satisfied that it has fulfilled its responsibilities according to its terms of reference during the reporting period.



Lerato Molebatsi

28 October 2021

HOW WE MANAGE OUR OPERATIONS



The group subscribes to the philosophy of responsible leadership, incorporating the ethical values of responsibility, accountability, fairness and transparency. It has formal corporate governance structures and procedures in place to maintain ethical and balanced decision-making practices that consider the interests of all stakeholders. These structures and procedures are implemented without compromising the entrepreneurial characteristics that remain fundamental to our success. This section outlines how we operate as a group.



GOVERNANCE REVIEW

INTRODUCTION

The group is committed to promoting high standards of corporate governance and ethical business practices to ensure the sustainability of its operations, and to ultimately contribute to long-term value creation.

Governance practices are regularly reviewed to align with best practice and changes in the regulatory and compliance environment. King IV™ has been applied throughout the 2021 financial year and the directors confirm that the group has in all material respects applied the principles of the code.

BOARD OVERSIGHT AND COVID-19

The board, assisted by the audit committee, provided oversight and support to the leadership team during lockdown to ensure that significant business risks arising from COVID-19 which could impact on the sustainability of the group were being adequately addressed.

This covered stakeholder relationships and expectations, particularly in relation to franchisees and employees, liquidity and solvency, cash and capital management issues, including salaries, budgets, capital requirements and payment terms. Specific decisions taken by the board during this time included the following:

- Deferring the payment of the dividend for the period ended 31 December 2019, which was declared on 26 February 2020, to preserve cash resources during the period when all restaurants were closed. At the September 2021 meeting, post a review of the group's solvency and liquidity requirements, this dividend was approved with a payment date of 25 October 2021
- Approving the reduction in franchisee fees and marketing fees which were applied in the various stages of lockdown. Widespread concessions in franchise and marketing fees were in place for the first eight months of the financial year. From March 2021, concessions were granted to franchise partners based on individual requirements only
- Approving the recommendation of management to reduce working hours for all employees to four days, with a commensurate reduction of 20% in salaries from 1 June 2020 to 30 September 2020. Fees for non-executive directors were also reduced by 20%.
- Approving the recommendation by management to apply the extension period granted by the Financial Sector Conduct Authority to postpone the release of the audited financial results for the year ended 30 June 2020 owing to the impact of the pandemic and national lockdown on financial reporting and auditing processes

The board also enhanced its oversight of the occupational health and safety aspects of COVID-19 in relation to employee and customer safety in company facilities and in restaurants.

KEY ISSUES ADDRESSED IN 2021

Outside of the pressing issues due to COVID-19, the board had to supplement the three ordinary meetings with seven special meetings to address the following:

- The appointment of three new executive directors to the board (effective 15 October 2020). This included the appointment a new group chief operations officer. Refer to the summary of the changes on the next page
- The retirement of the outgoing CEO and the appointment a new CEO (with effect from 1 January 2021). The stepping down of the outgoing CFO and the appointment of a new CFO (from 1 February 2021)
- Expanding the non-executive director component of the board following the resignation of Mntungwa Morojele, as well as Dineo Molefe who took up an executive role at a listed company in 2020 and the retirement of another director at the 2019 AGM
- Restructuring the composition of the board committees and appointing new chairmen to the risk committee and social, ethics, environmental and sustainability committee
- Reviewing a number of strategic matters and associated targets, together with the budget
- Appointing a permanent company secretary with effect from 1 March 2021, replacing the previously outsourced company secretarial function
- Considering potential sources of funding and credit facilities as a precautionary measure in the event that the lockdown and trading restrictions were extended beyond the financial year-end
- Delegating the nominations and remuneration committee to engage reward specialists to review the existing incentive schemes, design new short- and long-term incentive schemes, and continue the shareholder engagement process following the negative shareholder response to the voting on the remuneration policy and implementation report at the annual general meeting (AGM) in 2019
- Determining an appropriate implementation plan of the short- and long-term incentive scheme. In August 2021, further consultations were held with shareholders, with the nominations and remuneration committee presenting this plan to ensure alignment with shareholder expectations. This plan was implemented in October 2021, with the first allocations in terms of this new scheme allocated in October 2021.
- Engagement on remuneration

REMUNERATION POLICY AND SHAREHOLDER ENGAGEMENT

In the prior year, the group appointed independent remuneration experts, PricewaterhouseCoopers Reward, to review and restructure the group's remuneration policy in line with best practice, design new incentive schemes and conduct benchmarking exercises for the positions of the chief executive officer (CEO), chief financial officer (CFO) and group chief operations officer.

In addition, the committee hosted a group meeting with major shareholders on 5 May 2020 to address concerns and to advise investors of the proposed changes to the remuneration policy. This was followed by a series of individual meetings with the committee and major shareholders on 6 and 7 October 2020 where the proposed new incentive scheme rules were presented for discussion. Shareholders representing 70.1% of the group's issued shares at year-end participated in these engagement sessions.

Following these engagements, in non-binding advisory resolutions at the AGM in December 2020, 77.36% of shareholders voted in favour of the group's remuneration policy and 53.66% against the remuneration implementation report.

In line with the requirements of King IV™ and the JSE Listings Requirements, if either resolution receives 25% or more dissenting votes, the board is required to engage directly with shareholders to determine the reasons for their votes and to address legitimate and reasonable objections and concerns. 80.90% of shareholders voted in favour of both the 2020 share appreciated rights plan and the 2020 restricted share plan. As a follow on to the October 2020 consultation, the nominations and remuneration committee initiated a further shareholder consultation process in August 2021 to present the group's implementation plan of the new short- and long-term incentive scheme to ensure alignment with shareholder expectations.

The remuneration policy can be found on the company's website at <https://www.spurcorporation.com/wp-content/uploads/2021/Remuneration-Policy-FINAL.pdf>. The remuneration report, including information about engagement with shareholders can be found on the company's website at <https://www.spurcorporation.com/wp-content/uploads/2021/Remuneration-Report-FINAL.pdf>. The remuneration policy and implementation report will be presented to shareholders for non-binding advisory votes at the forthcoming AGM in December 2021.

BOARD FOCUS AREAS FOR 2022

The board will focus on the following issues in the new financial year:

- Continued oversight of the integration of the leadership changes
- Heightened awareness of cultural transformation across the group
- Support for management's stated strategic intention towards a common purpose of Leading for the Greater Good, which includes the group's longer-term vision

BOARD AND LEADERSHIP

Governance structures and procedures are implemented while supporting 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 three 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 biographies of the directors appear on pages 16 to 18.

During the financial year:

- Pierre van Tonder, the long-standing executive director and CEO, advised the board that he would be retiring as CEO and director with effect from 31 December 2020
- Mark Farrelly, executive director and 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 from 15 October 2020 and elected by shareholders at the AGM in December 2020:
 - Jesmane Boggenpoel
 - Lerato Molebatsi
 - André Parker
 - Sandile Phillip
- Three new executive directors were appointed to the board, effective from 15 October 2020 and elected by shareholders at the AGM in December 2020:
 - Sacha du Plessis (chief marketing officer)
 - Graeme Kiewitz (group human resources executive)
 - Kevin Robertson (group chief operations officer)
- Val Nichas joined the group with effect from 1 January 2021 as an executive director and CEO to succeed Pierre van Tonder

- Sadly, Graeme Kiewitz passed away on 18 January 2021 following a COVID-19 related illness
- Phillip Matthee, executive director and previous CFO, requested to stand down from his current position and assume a senior financial role in the group. He resigned from the board with effect from 31 January 2021
- Cristina Teixeira was appointed as an executive director and CFO from 1 February 2021 to replace Phillip Matthee.

Subsequent to the year-end;

- Sacha du Plessis resigned from the group, with effect from 15 September 2021

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, André Parker, Lerato Molebatsi and Sandile Phillip will retire and all three have offered themselves for re-election.

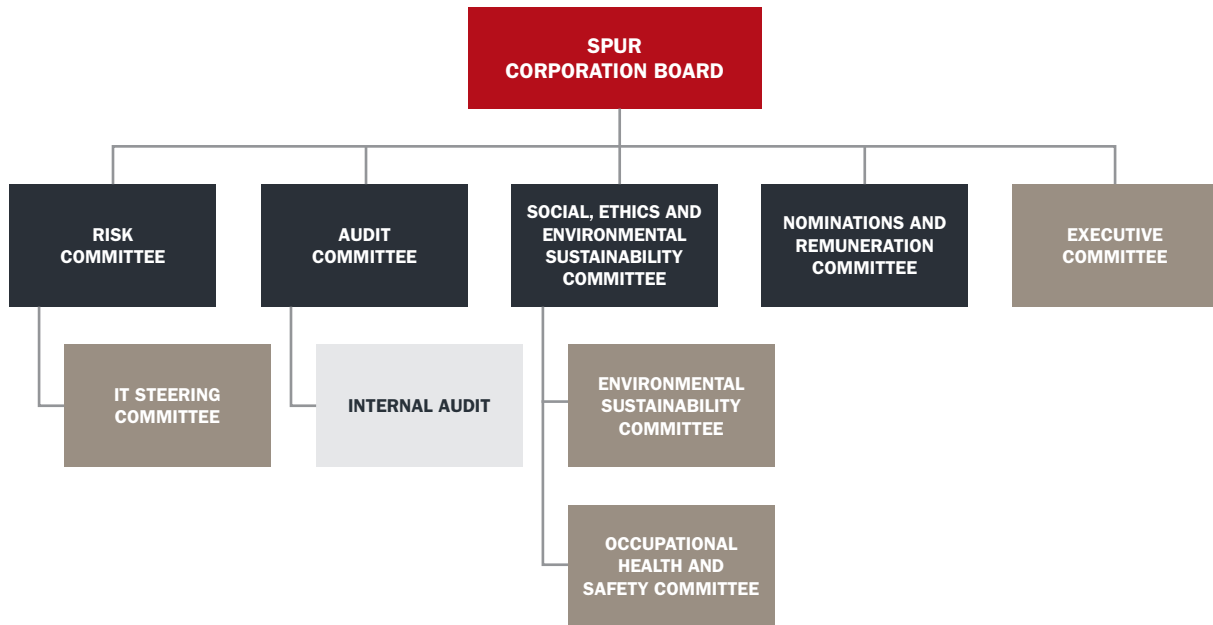
The nominations and remuneration committee has nominated these directors for re-election to the board. In addition, the two executive directors, Val Nichas and Cristina Teixeira, who were appointed to the board with effect from 1 January 2021 and 1 February 2021, will also be proposed to shareholders 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.

Donfrey Meyer (ACG) was appointed as a permanent company secretary, with effect from 1 March 2021, replacing Kilgetty Statutory Services (South Africa) (Pty) Ltd, the outsourced company secretary since 1 August 2019. The board has evaluated the performance of the company secretary during the period under review at the September 2021 board meeting and considered whether Mr Meyer has the necessary knowledge and experience to act as company secretary to the group. The board concluded that he demonstrated that he has the required skills to deliver on the requirements of this role.

THE BOARD AND ITS COMMITTEES



- Board committees
- Operational committees
- Outsourced

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.

Governed by a formal charter, 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 pages 13 to 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 terms of reference.

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 self-evaluations of the board, the committees, individual members and its chairmen were undertaken and internally facilitated for the year ended 30 June 2021 in line with the recommended practice of King IV™. With the board and its committees being recently constituted, the overall results indicated a pleasing outcome, and the board is satisfied with the evaluation results. We have already commenced a process of addressing recommendations.

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, when required, to discuss urgent matters.

The board reviewed and confirmed the Diversity at Board Level Policy at its meeting in September 2021. This incorporates the JSE's amended requirements for broader diversity at board level. The diversity targets for race and gender requires the board to comprise no less than 20% female and 25% black directors.

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.

LEAD INDEPENDENT DIRECTOR

While the chairman is an independent non-executive director, the board believes that in the interests of independence and good governance practice it is prudent to have a lead independent non-executive director (LID) in place. Mntungwa Morojele, who was appointed to the role in February 2018, resigned from the board with effect from 1 September 2020. Independent non-executive director Cora Fernandez was appointed as the new LID for a one-year term, with effect from 2 November 2020. Although the board's intent is to rotate this assignment annually, Cora Fernandez was nominated and re-appointed by the board as the LID for an additional one-year term.

SELF EFFECTIVENESS EVALUATION

Formal self-evaluations of the board, the committees, its chairmen and individual directors were undertaken by an internally facilitated process for the year ended 30 June 2021 in line with the recommended practice of King IV™. With the board and its committees being recently constituted, the overall results indicate a pleasing outcome, and the board is satisfied with the evaluation results. Recommendations to address any areas of improvement and development identified has already commenced and these areas will be addressed over the coming year.

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. The audit committee held two scheduled meetings and three special meetings. The audit committee report starts on page 2 of the consolidated financial statements for the year ended 30 June 2021 (Consolidated AFS).

RISK COMMITTEE

The risk committee meets twice a year and oversees the assessment, management and reporting of risk in the group. Refer to page 59 in the main section of the integrated annual report for the material issues and risks.

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. The committee had two scheduled meetings and five special meetings for the year. The remuneration report can be found at <https://www.spurcorporation.com/wp-content/uploads/2021/Remuneration-Report-FINAL.pdf>.

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 in line with the Companies Act. It meets a minimum of twice a year. The social, ethics and environmental sustainability committee report is available on pages 2 to 3.

BOARD AND COMMITTEE ATTENDANCE

Attendance at meetings for the year ended 30 June 2021 was as follows:

	Board	Audit	Nominations and remuneration	Risk	Social, ethics and environmental sustainability
Number of meetings	10	5	7	2	2
Non-executive directors					
Mike Bosman	10 ⁺	-	7	-	-
Shirley Zinn	10	-	7 ⁺	-	2
Cora Fernandez ¹	10	5 ⁺²	7	2	-
Jesmane Boggenpoel ²	4/4	4	-	-	2
Lerato Molebatsi ²	4/4	-	-	2	2 ⁺³
André Parker ²	4/4	4	-	2 ⁺	-
Sandile Phillip ²	4/4	4	-	2	-
Dineo Molefe ³	3/3	1/1 ⁺¹	-	-	-
Mtungwa Morojele ⁴	3/3	1/1	-	-	-
Executive directors					
Val Nichas ⁵	2/2	-	-	-	-
Cristina Teixeira ⁶	2/2	-	-	-	-
Kevin Robertson ⁷	4/4	-	-	2	1 ¹³
Sacha du Plessis ^{7, 12}	4/4	-	-	-	2
Graeme Kiewitz ^{7, 8}	2/2	-	-	1/1	1/1
Pierre van Tonder ⁹	8/8	-	-	1/1	-
Mark Farrelly ¹⁰	2/2	-	-	-	-
Phillip Matthee ¹¹	8/8	-	-	-	-
% meeting attendance	100%	100%	100%	100%	100%

The table reflects attendance as members of the committee or board and exclude attendance as invitees/optional.

⁺ Chairman.

⁺¹ Audit committee chairman until 2 September 2020.

⁺² Audit committee chairman from 3 September 2020.

⁺³ Social, ethics and environmental sustainability chairman from 15 October 2020.

¹ Appointed lead independent non-executive director 2 November 2020.

² Appointed 15 October 2020.

³ Resigned 3 September 2020.

⁴ Resigned 1 September 2020 as director and as chairman of the social, ethics and environmental sustainability committee.

⁵ Appointed 1 January 2021.

⁶ Appointed 1 February 2021.

⁷ Appointed as executive directors on 15 October 2020.

⁸ Died 18 January 2021.

⁹ Resigned 31 December 2020.

¹⁰ Resigned 31 August 2020.

¹¹ Resigned as director 31 January 2021.

¹² Resigned 15 September 2021.

¹³ Appointed 16 September 2021.

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. A focus area for the 2022 financial year is the compilation of a compliance risk monitoring plan, per discipline and department, with detailed bi-annual assessment and report back to the risk committee.

ORGANISATIONAL 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 company strives to ensure that suppliers' agreements contain implied provisions regarding ethics and compliance with laws.

The board is satisfied that the company has the arrangements in place to address any material breaches of ethical behaviour 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.

The anonymous ethics hotline, which is available to all employees to access, with complaints or disclosures being directed through an independent third party to the chairman of the board and monitored by the social, ethics, environmental and sustainability committee. Reports are investigated and discussed in the audit committee. There were no significant complaints or disclosures reported through the ethics hotline during the year. A focus area for the 2022 financial year will be to add additional mediums in which Tip-Offs can be received, as well as the enhancement of the anonymous categorisation of queries for reporting and management purposes. The group will also ensure increased awareness of the hotline.

HUMAN RIGHTS

We are committed to respecting and upholding human rights. The group subscribes to the 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.

Spur Corporation's human resources practices align with the requirements of United Nations Global Compact Human Rights principles and the International Labour Organisation's Labour Protocols. During the year, the company addressed the potential areas of improvement that emanated from a voluntary ethical audit during the prior period. The company will continue to monitor and address areas of improvement in 2022. The group has implemented ethical sourcing guidelines that require suppliers to align with our commitment to human rights and fair labour practices. During the year, the group updated its policies on sexual harassment, discrimination, land rights and forced and child labour.

CONFLICTS OF INTEREST

The group's Conflict of Interest Policy governs gifts and prohibits kickbacks and bribes. It is included in the group's codes. 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 previous employee interest in group franchises policy limited the number of group-franchised outlets employees may have an interest in and the extent of such interests. It also included the approval process that must be followed before franchises are granted to employees and other requirements. During the year, in order to reduce the risk of a conflict of interest, the policy was updated such that employees may no longer be invest directly or indirectly in group-franchised outlets. Where employees hold current pre-approved interests, these franchise agreements require a change in shareholding to external unrelated parties before the expiry date of the franchise agreement before the franchise agreement can be renewed.

SHARE DEALINGS AND PRICE-SENSITIVE INFORMATION

There are two formalised closed periods ahead of the publication of the interim and annual results. During these times, which directors and employees are restricted from trading in the shares of the company. The group's Trading in Securities and Price Sensitive Information Policy, which was updated during the year, requires directors to obtain formal clearance, via the company secretary, from the chairman of the board, or the lead independent director in the chairman's absence, 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 and the 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 business plan for the 2022 financial year has been developed and approved by the executive and the IT steering committee. It includes considerations around IT risks and governance and value-enhancing initiatives. Risk analysis and prioritisation exercises informed the contents of the IT business plan the IT governance work plan. Progress against this is monitored quarterly by the executive and semi-annually by the audit and risk committees.

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.



SUMMARY OF ROLES AND RESPONSIBILITIES OF THE BOARD AND ITS COMMITTEES

Committees	Roles and responsibilities
Board	<ul style="list-style-type: none"> – 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 annual report and annual financial statements.
Audit	<p data-bbox="427 1016 584 1043"><u>Statutory duties</u></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 data-bbox="427 1429 549 1456"><u>Other duties</u></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 annual 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

- 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 management conducts continuous risk monitoring.
- 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 in the integrated annual report, and ensuring that it is timely, comprehensive and relevant.

Nominations and remuneration

- 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.
- Identify and recommending a replacement/successor for the CEO and CFO to the board.
- 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

- 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:
 - social and economic development
 - good corporate citizenship
 - labour and employment practices
 - employment equity and broad-based black economic empowerment legislation
 - consumer relationships
 - 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. It is assisted in this regard by the environmental sustainability operational committee.

OPERATIONAL COMMITTEES

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 sub-committees 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.

	Executive committee	Environmental sustainability committee	IT steering committee
Chairman	Val Nichas, group CEO	Joe Stead, group creative head	Cristina Teixeira, group CFO
Meeting frequency	Twice a month	Quarterly	Quarterly
Composition	<ul style="list-style-type: none"> – Group CEO – Group CFO – Group COO – Chief marketing officer – Group human resource executive – Group developments executive – Transformation and corporate communications manager – Group procurement executive – Franchise executive: International 	<ul style="list-style-type: none"> – Group CEO – Group CFO – Group COO – Panarottis' COO – Group finance executive – Chief marketing officer – Other functional heads and managers within the group 	<ul style="list-style-type: none"> – Group CFO – Group technology executive – Group information executive – Chief marketing officer – Group COO – Panarottis' COO – Group finance executive
Purpose	<ul style="list-style-type: none"> – Developing and recommending corporate strategy to the board, including defined business plans and budgets per areas of business. – 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. 	<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 sub-committees have been established in each region and in certain specific functional areas. 	<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.

OUR BOARD



Mike Bosman (60)
Chairman: independent
non-executive

BCom (Hons), LLM, AMP (Harvard), CA(SA)

Appointed 2018

Nominations and remuneration committee: member

Mike was appointed chairman of the board on 1 March 2019. He is an independent non-executive director of AVI, MTN South Africa and EOH Holdings, and serves on the audit and risk committees of these companies.

He is non-executive chairman of Vinimark, the largest independent wine distribution company in South Africa. Mike has a background in advertising and in corporate and project finance. He served as CEO of communications groups FCB and TBWA, as well as CEO and later chairman of One Digital Media.



Cora Fernandez (48)
Lead independent
director

BCompt (Hons), Chartered Accountant

Appointed 2019

Audit committee: chairman

Risk committee: member

Nominations and remuneration committee: member

Cora is a chartered accountant with extensive board experience. She is a non-executive director of Tiger Brands, Capitec Bank and Sphere Holdings, and serves as an independent trustee on retirement funds in the Allan Gray stable. She serves on the investment committees of 27Four Black Business Growth Fund and the National Empowerment Fund. Cora previously served as managing director of Sanlam Investment Management and CEO of Sanlam Private Equity.



Dr Shirley Zinn (60)
Independent
non-executive

BA, HDipEd, BEd (Hons), MEd, EdM and EdD (Harvard)

Appointed 2019

Nominations and remuneration committee: chairman

Social, ethics and environmental sustainability committee: member

Shirley is an acclaimed human resources practitioner who has held senior positions in the corporate and public sectors. She holds a doctorate from Harvard University and was formerly the head of human resources at Woolworths Holdings, Standard Bank South Africa, Nedbank Group and the South African Revenue Service. She currently provides consulting and advisory services in human resources, transformation, leadership and education. Shirley serves on the boards of Sanlam, MTN South Africa, Afrocentric, AdvTech, WWF and V&A Waterfront, where she is the chairman.



Lerato Molebatsi (52)
Independent
non-executive

BA (Psych), PG Diploma in Rural Development and Management, Senior Management Development Programme (USB), Senior Prog. for Africa (Harvard Business School)

Appointed October 2020

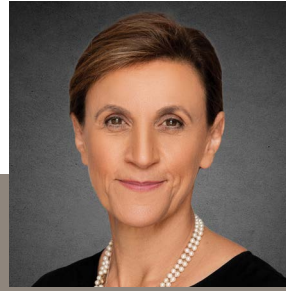
Social, ethics and environmental sustainability committee: chairman

Risk committee: member

Lerato is a non-executive director of the SA Reserve Bank and deputy chair of telecommunications company, the Adrian Group, in Kenya. Lerato has accumulated a vast amount of experience within the financial services, mining, government, non-profit and professional services industries over the last 25 years. She was formerly CEO of General Electric South Africa, executive vice president of Lonmin plc and held senior positions in corporate communications, public affairs and corporate social investment.



André Parker (70)
Independent
non-executive



Val Nichas (59)
Chief executive
officer

MCom
Appointed October 2020

Risk committee: chairman
Audit committee: member

André spent most of his career with the SAB/SAB Miller group and was managing director of SAB Miller's Africa and Asia portfolio for ten years. He is currently a non-executive director of Distell (lead independent director) and Carozzi SARL, a leading food company in Chile. He previously served as chairman of Tiger Brands and Remgro's TSB, and was on the boards of SAB plc, SAB Ltd, AECI and Standard Bank.

Oxford Strategic Leadership Programme - Said Business School - University of Oxford
Diploma in Public Relations and Franchise Management
Appointed January 2021

Val is a highly experienced strategist and leader with extensive experience in the restaurant sector. She served as marketing director of Edgars, senior vice president of multinational food company, Rich Products Corporation, and managing director of Tequila Advertising.

Val joined Famous Brands in 1999 as marketing director of Debonairs Pizza and later served as managing executive of Wimpy (then 506 restaurants) and Steers (then 492 restaurants) before her appointment as head of QSR brands. Val ran her own consultancy for the last eight years, specialising in business strategy and planning.



Cristina Teixeira (48)
Chief
financial officer



Kevin Robertson (55)
Chief
operations officer

BCom, BCompt (Hons), CA(SA), AMP (Insead)
Appointed February 2021

Cristina has 13 years' experience as a CFO in listed companies and was voted Businesswoman of the Year (corporate category) by the Businesswomen's Association of South Africa in 2013. After qualifying as a chartered accountant, she joined Group Five and was appointed as CFO in 2008. Cristina has led finance teams that have been consistently recognised in the Investment Analysts Society annual awards for reporting and disclosure, and in the Institute of Chartered Secretaries/JSE reporting awards.

Appointed as a director in October 2020

Risk committee: member
Social, ethics and environmental sustainability committee: member

Kevin has been with the group for 30 years. He started as an operational manager at Spur, and was soon promoted to regional manager of KwaZulu-Natal. Kevin assisted the group with the building the international business in Mauritius, Australia and the United Kingdom. Kevin was appointed managing director of Panarottis in 1999. In 2011 he was appointed as the national franchise executive and became chief operating officer (COO) of Spur Steak Ranches in 2018 before becoming group COO on 15 October 2020.



Sandile Phillip (39)
*Independent
non-executive*

BCom, BCompt (Hons), CA(SA)
Appointed October 2020

Audit committee: member

Risk committee: member

Sandile is a non-executive director of the SA Post Office and previously served as a board member of the SA Institute of Chartered Accountants. His business experience is mainly in the areas of structured funding and leveraged finance in business banking at First National Bank, private banking at Investec and financial management at British American Tobacco and Peninsula Beverages.



Jesmane Boggenpoel (48)
*Independent
non-executive*

BCom, BAcc, MPub Admin (Harvard), CA(SA)
Appointed October 2020

Audit committee: member

**Social, ethics and environmental sustainability
committee: member**

Jesmane is a chartered accountant with private equity, high technology and entrepreneurial experience. She is a founder and principal of private equity firm AIH Capital and was head of business engagement for Africa for the World Economic Forum (WEF) in Switzerland. She currently serves on the boards of EOH Holdings and Murray & Roberts and is chairman of Dubai-based ETG Inputs Holdco. Jesmane was nominated as a Young Global Leader of the WEF in 2013. Jesmane is the author of a book on diversity and inclusion, *My Blood Divides and Unites*.

KING IV™ APPLICATION REGISTER

This register has been prepared in terms of the JSE Listings Requirements and endeavours to explain Spur Corporation's application of the King IV™ principles. Where relevant, we reference other reports where additional information can be found.

No	Principles	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.</p> <p>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>	Governance review
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.</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>	Governance review

No	Principles	Application	Reference areas
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 for 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.</p>	<p>Governance review</p> <p>How we manage our environment</p>
4	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>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.</p> <p>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.</p> <p>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).</p> <p>The audit committee reviews a documented assessment by management of the going concern premise of the group.</p>	<p>Main section of the integrated annual report</p>
5	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>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 annual 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>Main section of the integrated annual report</p> <p>Consolidated annual financial statements</p> <p>Governance review</p>

No	Principles	Application	Reference areas
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, consult independent professional advice at the group's expense. This protocol is further amplified in each committee's terms of reference 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 ad hoc strategy and planning sessions.</p>	<p>Governance review</p>
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 main section and supplementary section of the integrated annual 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 – three executive directors. <p>The group's diversity policy stipulates that the board shall comprise no less than 20% female directors and 25% black directors.</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>Main section of the integrated annual report</p> <p>Governance review</p>

No	Principles	Application	Reference areas
8	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>The board retains ultimate responsibility for the 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 – Social, ethics and environmental sustainability committee – Audit committee. 	Governance review
9	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>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>Following significant board changes and the restructuring of board committees in October 2020, the board and committee evaluations were undertaken to allow the board and committees the opportunity to function under its new leadership and composition.</p>	Governance review
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 of 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>	Governance review

No	Principles	Application	Reference areas
11	<p>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<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>Key areas of focus during the reporting period were providing oversight in terms of its roles and responsibilities, as outlined on page 14 of this report, and in addition, considering the risks of other potentially material negative/black swan events, with a focus on implementing mitigating strategies. This will remain a focus area for the forthcoming year.</p> <p>The risk committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.</p>	<p>Main section of the integrated annual report</p> <p>Governance review</p>

No	Principles	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 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, that 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>	Governance review
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 and the risk 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>	Governance review

No	Principles	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 – 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, talented and 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>	Remuneration report
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.</p>	The audit committee report in the consolidated annual financial statements

No	Principles	Application	Reference areas
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>There is a corporate communications stakeholder engagement policy which facilitates coordinated communication between the company and its various stakeholders, which is considered by the social, ethics and environmental sustainability committee and approved by the board.</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>Main section of the integrated annual report</p> <p>Human capital and skills development review</p> <p>Remuneration report</p>
17	<p>The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>	<p>Spur Corporation is not a financial institution, as defined in terms of the Financial Services Board Act, No 97 of 1990.</p>	<p>Not applicable</p>

HOW WE BALANCE LIMITED RESOURCES

We constantly evaluate our impact and how we manage limited resources.

This section provides additional information on the management of the six capitals, as defined in the Integrated Reporting Framework. This report should be read together with the other reports in our suite, such as the detailed financial statements and the rest of the supplementary report.

	Key inputs	Activities to preserve value	Outcomes of our activities	Our trade-offs
Financial	<p>R1.7 billion market capitalisation.</p> <p>Strong balance sheet with no debt.</p> <p>R8.3 million interest earned.</p>	<p>Deferred payment of the interim 2020 dividend declared on 26 February 2020.</p> <p>Introduction of VK brands.</p> <p>The group discounted its franchise and marketing fund contribution fee structures in an effort to assist franchisees' cash flow.</p> <p>Extended payment terms to franchisees in response to the initial hard lockdown.</p> <p>Reduced the standard work week of all employees and reduced salaries commensurately from 1 June 2020 to 30 September 2020.</p> <p>Implemented a voluntary retrenchment programme locally.</p> <p>Suspended short-term profit share and 13th cheque bonus schemes in June 2020.</p> <p>Immediate and substantial reduction in marketing expenditure.</p> <p>Loans to marketing (as no marketing fees were being collected) funded by Spur to ensure that marketing funds could continue supporting sales activation.</p> <p>Discretionary costs reduced where possible.</p>	<p>Increased cash on hand.</p> <p>Protection of liquidity of company.</p> <p>Limited closure of restaurants.</p> <p>Limited retrenchments.</p> <p>Limited retrenchments.</p> <p>Maintained no gearing.</p> <p>Awareness in media translates to sales activation, which assisted the brand during lockdown periods.</p> <p>Limited retrenchments and preserved the group's cash.</p>	<p>The impact of COVID-19 has exacerbated the requirement to carefully balance short-term financial preservation without compromising the required long-term development of the group.</p>

	Key inputs	Activities to preserve value	Outcomes of our activities	Our trade-offs
Human and intellectual	19 615 franchisee employees.	New engagement forums created for franchises. Ongoing training programmes.	Restaurant turnover increased by 1%. 20 restaurants opened in South Africa and eight internationally.	Investing in attracting, retaining and developing talented employees has a short-term cost. However, as people are the key drivers of business and strategy delivery, they create returns for all the capitals over the medium- to long-term.
	409 Spur Corporation employees.	New values process launched to ensure fulfilled, engaged and productive employees. Refocused remuneration structures and implemented new key performance indicators.	Salaries and wages of R199 million, with 95% of employees receiving increases. 54% of the CEO's compensation is linked to performance-based rewards and 46% is guaranteed. 40% of the compensation of the CFO and COO is linked to performance-based rewards, with 60% guaranteed. Several internal senior management promotions as part of ongoing restructuring.	
	Experienced and skilled board and leadership.	Ongoing investment in training and development, with new programmes implemented, such as "Values leading the Way" and the launch of a Rising Leaders Academy. Board committees restructured and a successful integration process achieved with new board and new leadership.	102 corporate and 14 369 franchisee employees trained in South Africa. Ten successful board meetings and diversity targets exceeded, with 50% black and 60% female board members.	

	Key inputs	Activities to preserve value	Outcomes of our activities	Our trade-offs
Manufactured	Ongoing spend on capex projects to improve manufacturing operations (R1.8 million refurbishment expensed in F2020).	Improvement projects at the manufacturing plant.	Successful manufacturing during the year, with no supply interruptions to customers even in COVID-19 conditions.	Investing in our manufacturing facility requires financial capital and appropriate levels of human and intellectual capital, as well as certain natural capital inputs. We have focused on increasing efficiencies and reducing environmental impacts associated with our facility.
		A new supply chain strategy being implemented to increase volume and improve franchisee profitability.	Revenue in the manufacturing and distribution division increased by 4.7% and profit by 6.2%.	
	561 MWh electricity and 2 645 kilolitres of water used at our facilities	Supply chain and manufacturing services are being consolidated to improve capacity and buying power.		

	Key inputs	Activities to preserve value	Outcomes of our activities	Our trade-offs
Social and relationship	Positive supplier and franchise relationships with 265 franchise partnerships (22% black).	New forums and franchise advisory councils created and R8 Network Development model implemented.	Good progress with the 32 new local restaurants and seven global restaurants for F2022.	Maintaining constructive relationships across all stakeholders may require trade-offs in certain relationships as we have to carefully balance stakeholder interests. Investing in social capital requires financial capital investment, although it creates positive impacts in most capitals due to effective engagement with the company's stakeholders.
	Constructive engagement with regulators.	Active management of compliance with regulators.	R41 million taxation payments.	
	Continued investor support.	Increased engagement by new management with investors.	Ongoing support from investors.	
	Trusted brand and reputation.	Continuous investment in market research insights and product innovation.	Kantar TNS research confirmed that the Spur brand indexed well above its relevant category average on key measures and RocoMamas above its category index.	
	Effective community engagement through the Spur Foundation and community programmes in each brand.	Ongoing donations made to communities.	R643 100 in donations made.	

	Key inputs	Activities to preserve value	Outcomes of our activities	Our trade-offs
Natural	908 MWh electricity consumed.	Electricity, water-saving and waste management initiatives in place.	Electricity use decreased by 9%.	Using natural resources is a key trade-off for generating value across the other capitals. However, we are constantly focusing on how we can minimise our impact.
	3 514 kilolitres of water consumed.	Annual Green Ops Reports reinstated to monitor environmental practices across the group and franchises.	Water use decreased by 27%. The manufacturing plant is responsible for 75% of the group's water consumption. Water use at the plant decreased by 37% due to lower productivity following capacity restrictions at restaurant level.	
	Total waste generation not effectively measured this year.	<p>Educational campaigns resumed to reignite awareness.</p> <p>As a founding member of the Plastics Pact in South Africa we recently completed an overall plastic report reflecting the group's contribution.</p>	<p>75% of waste at regional offices diverted from landfill.</p> <p>Recycling decreased from 37% to 30% in restaurants.</p> <p>Plastic use decreased significantly, with 213 tonnes of paper bags used and 88% packaging from renewable material.</p>	

COMPLIANCE AND SAFETY

The group subscribes to the Constitution of South Africa, the laws of the country, relevant standards, and its own codes of conduct and policies.

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
- Food Safety System Certification 22000 (FSSC 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 has to be endorsed by a recognised certification body.

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

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 FSSC 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 and the transport of food and related matters. This extends to all delivery vehicles.

PROHIBITION ON MARKETING FOOD ITEMS DEEMED TO BE UNHEALTHY

The group continues to engage The Department of Health (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.

HEALTH AND SAFETY

The group's corporate offices and manufacturing facilities have health and safety systems in place. Health and safety are particularly relevant to the sauce and décor manufacturing operations. Manufacturing sites are audited monthly and non-production sites quarterly. Findings are reported to the group's occupational 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 and to the social, ethics and environmental sustainability committee every quarter.

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 children's 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 employees 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 employees have been provided with the required 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.

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 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.

THE CONSUMER PROTECTION ACT NO 68 OF 2008 FOCUSES ON ENSURING THE SOCIAL AND ECONOMIC WELFARE OF CONSUMERS IN A MARKET-BASED SOCIETY

The Consumer Protection Act sets out a range of fundamental consumer rights and prohibited conduct regulating particular market practices.

The Act also deals with discriminatory practices in the consumer market, agreements with consumers and transactions for the supply of goods and services to consumers, franchising, product liability and product safety, and an administrative framework for the enforcement of consumer rights.

Management has undertaken a review and risk assessment of consumer protection legislation and advises that there are no matters, within their knowledge or belief, that constitutes a material risk to the group.



HUMAN CAPITAL AND SKILLS DEVELOPMENT

INTRODUCTION

The business environment changed rapidly, with a magnitude of challenges arising from the pandemic and the impact of government restrictions on our businesses. The teams were resilient and agile in these conditions.

Our human resources (HR) strategy had to shift significantly and adapt to support our people through this disruptive period and to deliver the organisational capacity to deal with continuous change and disruption.

This was a steep learning curve for the HR team, as we had to identify new ways to support employees working from home, employees experiencing personal loss and people dealing with the impact of long-term stress and anxiety due to COVID-19. Mental health concerns and the high levels of uncertainty remain key focus areas for the HR team, with our business leaders working closely with us to support our people.

Our employees are the driving force of our strategic objectives, and maintaining a safe and healthy working environment is one of our key leadership responsibilities.

In the coming year, we will continue this focus and ensure that we create a culture of high performance, with engaged and talented employees in a new “normal”. We acknowledge that our employees are looking for a more flexible working environment, with work-life balance and learning opportunities, as well as being recognised and valued for their contribution.

With the change to a more virtual working model, we had to find innovative solutions for team and employee engagement and driving employee learning and development initiatives.

We are implementing a more holistic approach to the employee value proposition that considers the changing requirements of the business while increasing employee resilience, wellbeing and engagement.

We have identified four key employee requirements:

1. A continued sense of connection to the purpose of the organisation
2. Feeling supported while adapting to new conditions of work
3. Coping with challenges due to the new way of working
4. Receiving adequate and open communication from the employer

We prioritised the leadership of people, with the requirement for leaders to provide clear, ongoing and open communication to build trust and confidence during the time of change in our business.

In light of this, we:

- Implemented our performance navigation tool and process
- Introduced performance scorecards to drive strategy implementation by aligning performance and goals
- Identified leadership behaviours and rolled these out within our business to provide clear and open communication with our employees. These are now embedded in our performance scorecards
- Created measurable objectives and accountability for how our leadership manages, engages and supports their teams. Our performance scorecards drive our rewards and recognition process

These initiatives form part of a larger organisational culture project, which includes developing corporate values, defining the corporate culture, incorporating values and culture into the performance assessment process and communicating the values to corporate employees and franchisees.

As a group, we support employee training and development and encourage employees to acquire the required capabilities to achieve business goals.

Spur Corporation invested R343 970 in skills development during the year. This included R191 479 invested in the training of black employees, of which R77 902 focused on black women.

Our key priorities

- Building organisational capability to improve strategy implementation and change leadership.
- Growing our talent and accelerating career opportunities.
- Differentiating ourselves as an employer to achieve competitive advantage through our people.
- Accelerating diversity, equity and inclusion.
- Creating an inclusive model to remain relevant in our markets.
- Leading a culture and change journey in an employee-centric manner.

KEY QUESTIONS WE ARE ASKING OURSELVES

KEY QUESTIONS	KEY ACTIONS
Are we able to attract and retain the talent we need?	Reviewing our employee programmes to ensure employees have a sense of belonging.
Are we engaging with our employees and making sure we remain connected?	<p>Support programmes to ensure work-life balance, health and a focus on productivity.</p> <p>Rolling out a values programme following the finalisation of leadership behaviours.</p> <p>Conducting a climate survey to establish employee perception and required actions going forward. We have also improved the gathering of feedback from our company-owned restaurants and are addressing the issues raised.</p>
How can we accelerate the development and skills of our emerging talent for business-critical and strategic roles?	<p>Implement career progression plans for critical employees.</p> <p>Performance management programmes created.</p> <p>Firm up succession plans for key roles.</p> <p>Finalise a leadership development programme.</p> <p>94% of respondents in a large LinkedIn survey pointed out that they are willing to remain at their places of work if the company invests in their careers.</p>

ETHICAL AUDIT

The HR department is required to report to the social, ethics and environmental sustainability committee and the board on the group's compliance with a number of regulations.

The group conducted a voluntary ethics audit in January 2020, with policies and plans to ensure the company's compliance with the following:

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

Updated policies approved by the executive team

- Land rights
- Child and forced labour
- Discrimination
- Sexual harassment
- Benefits and allowances
- Human rights

TRANSFORMATION

During the year, the new management team defined a common purpose of "For the Greater Good".

The approach is aimed at building and growing brands that "Lead the experience", with the main drivers to expand the current brand experiences being transformation and innovation.

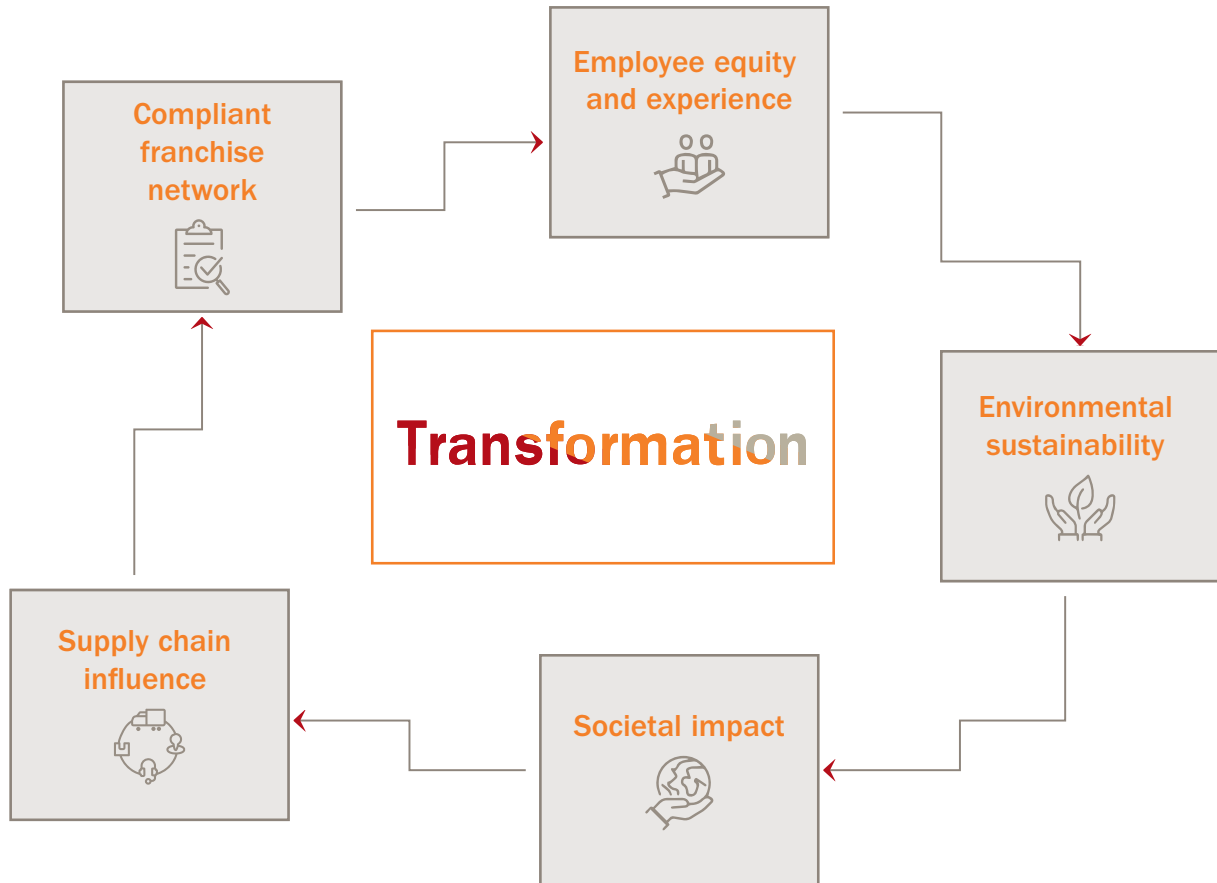
The thrust around innovation is aimed at catapulting the brands to a new level. Innovations will be developed around the customer requirements to ensure we are on trend with global and local lifestyle changes.

Through transformation, we aim to make a meaningful impact through employee development, environmental responsibility and responsible engagement with society. We have clear strategies in place that will be driven by the leadership team, with set timelines and measurable outcomes for both internal and external stakeholders.

Transformation is monitored by the group's 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's broad-based black economic empowerment (B-BBEE) codes.

During the year, Moshe Apleni was appointed as transformation and corporate communications manager reporting directly to the CEO. Under his guidance, the group has commenced a programme to improve all processes, including its B-BBEE rating at group level.

KEY ELEMENTS OF OUR TRANSFORMATION STRATEGY



1. Compliant franchise network

Franchises are encouraged to improve their B-BBEE status as part of the group's commitment to transformation.

We currently have 22% black franchise partners and will work with our network to continue identifying opportunities to increase this.

2. Employee equity and experience

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 Employment Equity Codes of Good Practice.

In accordance with the Employment Equity Act of South Africa, the tables on the next page provide a summary of the group's employment equity position in respect of its operations in South Africa.

Employee profile

The tables below provide a summary of the group's employment equity position in respect of its operations in South Africa at 30 June 2021:

South African														
Female							Male						SA	SA
Occupational Level	A	C	I	W	Total F2021	Total F2020	A	C	I	W	Total F2021	Total F2020	Total	Total
Top Management	-	1	-	2	3	-	1	1	-	4	6	3	9	3
Senior Management	1	-	-	4	5	6	2	2	1	20	25	28	30	34
Professional	3	5	1	19	28	28	11	14	3	21	49	51	77	79
Skilled	10	28	4	22	64	76	18	22	-	2	42	43	106	119
Semi-Skilled	46	9	2	9	66	79	35	9	-	10	54	59	120	138
Unskilled	18	4	-	-	22	31	7	-	-	-	7	19	29	50
	78	47	7	56	188	220	74	48	4	57	183	203	371	423

Non South African												
Female					Male				Non SA	Non SA	F2021 Group*	F2020 Group*
Occupational Level	A	W	Total F2021	Total F2020	A	W	Total F2021	Total F2020	Total F2021	Total F2020	Total	Total
Top Management	-	-	-	-	-	-	-	-	-	-	9	3
Senior Management	-	1	1	1	-	-	-	-	1	1	31	35
Professional	2	-	2	2	-	-	-	-	2	2	79	81
Skilled	-	-	-	-	2	-	2	1	2	1	108	120
Semi-Skilled	14	-	14	14	17	1	18	22	32	36	152	174
Unskilled	1	-	1	2	-	-	-	3	1	5	30	55
	17	1	18	19	19	1	20	26	38	45	409	468

A African

W White

I Indian

C Coloured

* Total South African and non South African

The group had a number of board and leadership changes during the year. The new transformation manager was also promoted to the executive committee. All these changes resulted in a pleasing improvement in terms of race and gender.

The headcount reduction in each of the categories is a result of the retrenchment of 16 employees, natural attrition and a reduction in employees in our company-owned stores due to the impact of COVID-19 restrictions on restaurants and headcount.

The group follows the applicable labour laws in each country of operation. We carefully evaluate the relevant skills requirements of the position and aim to employ from the South African population first. More than 90% of our employees is South African. Where we employ foreign nationals, all the required documentation is in place.

Board diversity

50%
of the Spur Corporation's board
of directors is black and
60%
female

This exceeds the voluntary targets included in the board diversity policy that requires the board to comprise not less than 25% black directors and 20% female directors.

3. Environmental sustainability

The group is committed to environmental sustainability and is constantly striving to improve operations to limit environmental impacts and to operate well within natural boundaries.

Environmental sustainability, including the implementation of sustainability policies and the tracking, measurement and verification of environmental data streams, is overseen by the environmental sustainability committee that reports to the social, ethics and environmental sustainability committee.

Nomageba Meats in Gauteng

Nomageba Meats is a black female-owned business that was established in 2005. In June 2021 the Spur team identified this business as a potential supplier for an enterprise development agreement. Since then, the team has worked closely with founder Noma Zulu to ensure her offering meets Spur food quality and safety standards, as well as meat cut specification. The company has now started to supply two restaurants in Gauteng.

4. Societal impact

Spur Corporation, through its wholly-owned subsidiary, Spur Group, has a Spur Foundation Trust for philanthropic programmes on a non-profit basis.

In line with the Foundation's Trust Deed and as recommended by the King IV Report on Corporate Governance for South Africa 2016™ (King IV™), during the year the foundation appointed three independent trustees to strengthen the board of trustees.

Refer to page 55 for more information on the Foundation and its activities.

5. Supply chain influence

The group's procurement team works with its third-party logistics provider to influence the progression of transformation at suppliers of the group.

During the coming year, the top 25 suppliers will be requested to confirm their B-BBEE rating and encouraged to participate in the group's transformation journey.

The impact of COVID-19 on small businesses in South Africa has been pronounced. The group therefore identified 14 small black-owned enterprises this year as potential suppliers.

Strato Clothing in Western Cape

Strato – slang for “street” – was established in 2006 by Cape Town designer Maloti Mothobi after she identified a gap in the market for a locally manufactured clothing brand that combines sports- and streetwear. RocoMamas is finalising a enterprise development supplier agreement with Strato to trial the supply of uniforms in the Western Cape restaurants, with a view to expand to other regions if successful.

EMPLOYEE WELLNESS

An externally-facilitated employee assistance programme was introduced in February 2020. The programme focuses on four key dimensions of wellbeing:

1. Physical
2. Emotional
3. Financial
4. Legal support

During the year, we experienced an increase in employees making use of our employee assistance programme due to the challenges presented following the outbreak of COVID-19.



We allocated R400 000 to our employee wellness initiatives and support programmes.

Key issues identified:

- High level of employee stress and burnout
- COVID-19 fear
- Anxiety due to personal and work challenges
- Depression and mental health issues
- Legal and financial stress

To assist employees, we are partnering with an external provider to address mental health as part of our employee wellness campaigns. We also conducted a number of webinars to assist employees with mental health issues.

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

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

TRAINING AND DEVELOPMENT

Skills development

The continuous learning and development of group and franchisee employees ensures that we not only retain, but also develop, our employees for career progression. By constantly updating our learning content and our Intellectual Property and facilitation methodologies, the group aims to empower employees to execute their functions effectively. We monitor progress through feedback and reports.

Franchise employee training

Skills development of franchise employees is one of the most important ways in which the group supports its franchises. Since the start of the COVID-19 pandemic, we introduced online learning modules, with training material updated to ensure continued relevance.

Spur Training Academy courses

Training courses are provided for franchisee employees at training centres in Johannesburg, Durban and Cape Town, as well as online. Skills development focus areas include food preparation and safety, operational efficiencies, financial management, sales techniques, management skills, environmental awareness and customer safety. Leadership skills interventions have also been included in all our content, and two new leadership programmes were started.



The Training Academy received accreditation status during the last financial year with the SERVICES SETA and acquired the General Management NQF level 3 programme. An application to become an accredited training provider for the R638 hygiene programme has also been submitted to the FOODBEV SETA.

Practical training

Practical training is offered at accredited training restaurants in Gauteng, KwaZulu-Natal and the Western Cape.

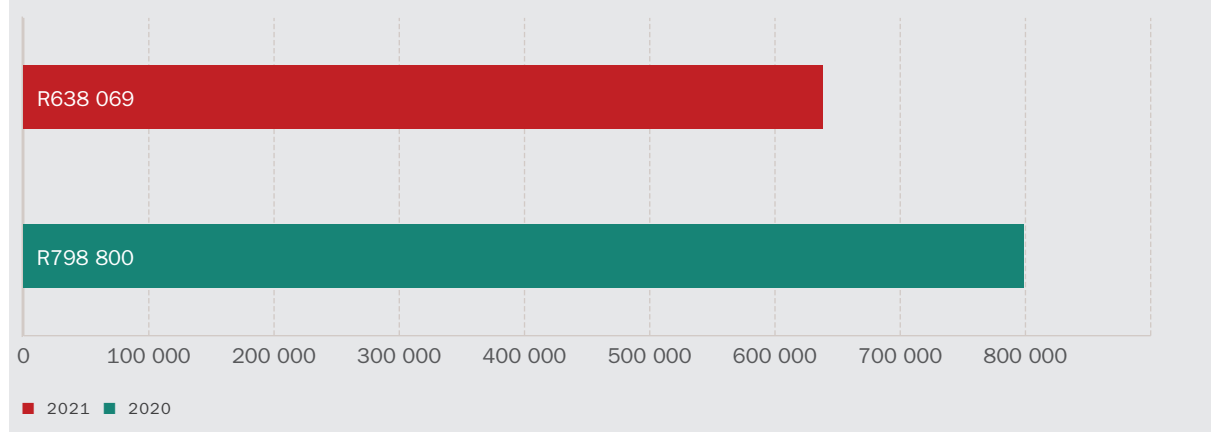


REWARDS AND RECOGNITION

The new minimum wage for corporate employees within the group is R7 020 (2020: R6 500) per month, aligned to the principle of a living wage. Company-owned retail restaurants comply with regulations governing minimum pay.

The group offers funding for employees' studies for career development, as well as bursaries for children of employees.

BURSARIES FOR CHILDREN OF EMPLOYEES



During the year, new short-term and long-term incentive programmes were approved for key roles. This will also ensure that incentives are more inclusive in terms of race and gender.

	2020	2022
African	6.9%	10.9%
Female	25.0%	28.6%
Male	75.0%	71.4%
Coloured	13.8%	21.9%
Female	50.0%	21.4%
Male	50.0%	78.6%
Indian	5.2%	6.3%
Female	33.3%	25.0%
Male	66.7%	75.0%
White	74.1%	60.9%
Female	25.6%	30.8%
Male	74.4%	69.2%
Total	100%	100%

EE participation	2020	2022
	25.9%	39.1%

EMPLOYEE ASSISTANCE WITH UNEMPLOYMENT INSURANCE FUND PAYMENTS

The group conducted internal and external audits to assist employees with the payment of unemployment benefits during the lockdown periods due to COVID-19 government regulations.

R6.5 million
was paid to company-owned restaurants

HOW WE MANAGE OUR ENVIRONMENT



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 close partnerships to promote positive environmental practices with franchisees and suppliers.



Spur Corporation continues to strive to achieve our goals towards driving environmental best practice, acting to reduce climate change and operating well within the environmental boundary.



ENVIRONMENTAL REVIEW

INTRODUCTION

The WEF Global Risk Report, Paris Agreement and the UN Sustainable Development Goals (SDGs) are driving global conversation around climate change, environmental concerns and sustainable development. Locally, key legislative changes relating to the National Development Plan (NDP) and Extended Producer Responsibility (EPR) will impact business operations by propelling circular economy and greater responsibility around product lifecycles and end-of-life management.

Consumer requirements will further influence the group's actions and activities to ensure transparency and sensitivity of human rights issues and supply chain management, resulting in ethical and sustainable procurement of products.

The last 18 months have necessitated a swift adoption of technologies, which is changing the way the group communicates and engages. This has led to a considerable reduction in the need for travel, leading to a reduced carbon footprint and resource consumption, as most people worked remotely.

Despite renewable energy becoming more accessible and cost-effective, South Africans are still heavily reliant on Eskom for power generation. Electricity outages continue to impact operations, increasing consumption of diesel-powered generation at regional offices, facilities and restaurants. In 2020, South Africa experienced 859 hours of loadshedding. According to PwC calculations, this cost the country an estimated R75 billion in lost GDP and an additional 450 000 in job losses¹.

With the amended COVID-19 restrictions this year, the sustainability team was able to reinstate its Green Ops Report (GO Report) in May 2021. This report provides insight into the environmental sustainability of the franchisee network.

Procurement projects were resumed for the most part, still with a strong focus on essential requirements. Some explorative projects, research and supplier engagement remain on hold. Reporting and data capturing reflect a full financial year and the previous COVID-19 adjustment was removed from the reporting data set.

Uncertainty and indications from international trends related to the spread of COVID-19 will continue to influence activity and decision-making in the foreseeable future. The environmental sustainability committee (ESC) will closely observe and act in accordance. The inevitable resurgence of a fourth wave of infections and the impending potential of re-entering unplanned lockdown periods remains a potential threat to the industry.

The ESC commenced with various training sessions, project explorations and ongoing work with the South African Plastic Pact to ensure the group continues to develop a sustained and informed approach to deliver strategic influence, specific to actions related to global warming, climate change, environmental impact and the potential risk to the group's supply chain and future viability.

The group participated in a baseline Plastic Pact Report in December 2020 and have recently completed an overall plastic report reflecting the group's contribution to plastic production in the industry. The Pact is part of an international network of like-minded organisations that engage with businesses, governments, producers, recyclers, and civil societies, with the goal of addressing the devastating impact of plastic pollution on the environment. South Africa generates 2.4 million tonnes of plastic waste annually, of which only 14% is recycled and around 40% of this waste is mismanaged, with 3% directly leaking into the environment. It is therefore important that the group remains involved in this fundamental work to ensure we participate in driving circularity to curb plastic pollution.

The ESC will work with the group's eco champions (previously known as gatekeepers) and stakeholders to build long-term sustainable frameworks that can mitigate impact and overcome barriers. This holistic approach and ongoing engagement will support the group's efforts to operate well within the environmental boundary.

SIGNIFICANT SUSTAINABILITY ACTIONS AND CHALLENGES

Building sustainable brands

The group remains acutely aware that aligning sustainability and revenue goals into corporate and marketing strategies is important to ensure that the business remains relevant to a consumer base that is becoming more socially and environmentally aware.

The environmental sustainability strategy will continue to focus on effective engagement with stakeholder groups. We will also onboard and embed sustainability principles into the group's marketing strategies to support the objectives of positive change through ongoing collaboration.

¹ PwC South Africa's Economic Outlook Report 10 August 2021

PROGRESS

As the group recovers from the devastating impact of the hard lockdown from March to August 2020 and further restrictions during 2021, the eco team, operations and procurement team continue to progress the long-term environmental sustainability objective of ensuring the group's brands operate in alignment with the environmental policy. There is a constant effort to reduce resource consumption, pollution and waste and to procure produce that are ethically and sustainably sourced. The conditions and welfare of animals and workers must also be maintained throughout the group's supply chain.

MEASURING AND REPORTING

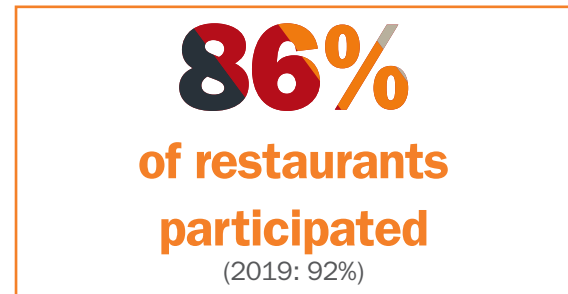
All regional offices provide bi-annual feedback on environmental sustainability practices relating to energy consumption, waste and water management, office procurement and staff communication. Targets are set and the gatekeepers are responsible for ensuring compliance.

The GO Report provides annual feedback on environmental sustainability practice at franchise level. The data also provides input into future projects and risks, which the ESC then develops and addresses as required. Internal eco champions provide feedback on the operational sustainability of the business based on key performance indicators (KPIs) and levels of expertise. The Eco Team will work on re-establishing key projects in the coming year.

GREEN OPERATIONAL REPORT RESTAURANTS

The GO Report is conducted annually between March and May by the group's operational managers. The process includes a restaurant visit to capture resource consumption data into the online GO Report, followed by a walk-through and an interview with the franchisee/operator/restaurant manager.

The 2020 reporting period was postponed to May 2021 due to lockdown conditions. This is the fourth year Spur Corporation conducted a comprehensive GO Report across all brands and restaurants in South Africa. The participation rates declined due to the impact of COVID-19 and restaurants' focus on managing their operations in these challenging conditions.



Restaurant sustainability awareness

There has been an increase in green teams/champions from 24% to 31% in the latest GO Report data. 24% of restaurants is displaying the group's environmental pledge and 28% is actively encouraging staff to participate in green practices outside of work. Due to COVID-19 restrictions, training has reduced from 35% to 28% and access and use of sustainability resources on the extranet dropped from 38% to 21%, but increased to 26% as part of the GO Report awareness drive in May 2021. The Eco Team will be engaging with franchisees through feedback sessions and training.

Climate change as a fundamental driver to business success

The Eco Team adjusted the latest GO Report to include questions specific to climate change and the potential impact on business sustainability. There was a 7% increase (from 89% to 96%) in the restaurants that feel climate change is impacting on operational cost.

The Eco Team will be engaging with the franchisee network and operational eco champions in the coming year to ensure buy-in and a collective drive towards the group's strategy of the "For the Greater Good".

EMPLOYEE TRAINING

Training remains critical to inspire behaviour change and align purpose. Planned office training sessions for March 2020 were put on hold due to travel and budget restrictions during the lockdown period. The Eco Team will re-engage employees on the importance of environmental sustainability.

SUSTAINABLE PROCUREMENT

Franchised restaurants in the group purchase significant quantities of raw materials. Energy consumption, population growth and an increased demand for animal protein are impacting climate change, causing extreme weather events that are projected to negatively affect food production over the medium- to long-term. Sustainable supply from suppliers who share the group's commitment to best practice is therefore crucial for product security to the group's restaurants.

Supplier assessments are conducted to ensure alignment. These include green procurement and ethical sourcing considerations.

Understanding potential unlocked value within the supply chain remains a long-term project that will build knowledge about the group's supply chain and potential for circular opportunities. The procurement team will continue to prioritise raw material supply, with specific drivers being seafood and beef.

The purpose is to evaluate risks and opportunities and develop a greater understanding of second- and third-tier suppliers, potential collaborations and procurement themes to underpin our environmental strategies.

Sustainable seafood management

The group remains committed to procuring sustainable seafood products that are certified by the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC). In partnership with the World Wide Fund for Nature (WWF) South African Sustainable Seafood Initiative (SASSI), John Dory's has already taken major steps towards reviving the state of fish stocks by supporting sustainable fishing practices. The group is fully 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 (FIP).

In alignment with the brand's sustainability commitments, John Dory's has launched various campaigns to customers that focus on sustainable management and supply of fish species. In accordance with the brand's commitment to the UN Sustainable Development Goals, they aim to build relationships with local suppliers to support economic growth and promote a sustainable supply of well-managed seafood resources.

Palm oil

The April 2020 roll out to replace palm oil with soft oil was not possible due to the immediate financial impact COVID-19 had on the profitability of the group's brands. The group remains committed to removing palm oil as a deep-frying fat, with the intention to shift the bulk of the palm usage (Spur Restaurants) to sunflower oil. Unfortunately, due to the ongoing impacts of COVID-19 and the rallying of soft oil (sunflower) prices, the conversion to soft oil was further delayed. Soft oil prices increased by more than 18% and the procurement team was not able to action the shift as planned. The intention is to review the situation early in 2022. Should the conversion not be possible, the procurement team will evaluate the percentage of the palm in the current specification to reduce palm oil usage.

During the 2021 financial year, 2 358 820 million litres of oil were sold to franchisees, of which 54% was palm oil.

The group supports a closed loop system to dispose of spent oil through a well-managed and measured collection system. The procurement team has improved the measuring matrix and is evaluating and reviewing the collector database to ensure best practice.

During the 2021 financial year, 32% (749.5 kl), (2020: 28%; 929 kl) of oil procured was recycled by approved oil collectors, predominantly for biofuel conversion. 64% of restaurants participate in the used oil collection programme. The long-term considerations remain focused on reducing the group's reliance on palm oil, and to review the entire procurement basket to understand the full impact of hidden palm and palm-related products.

Cage-free eggs

The procurement and sustainability team started engagement with the Humane Society International – Africa (HSI) – in 2019 and is fully aware of the international mandate to shift from battery-caged eggs to more humane conditions for egg-laying birds. The group's approach to deliberate transformation supports this initiative and it has set a target of compliance by 2025.

In collaboration with franchisees and our logistics partner, our procurement team has embarked on an initiative to increase awareness and usage of cage-free eggs in the network.

For restaurant use (shelled eggs for breakfast and baking), the majority of eggs procured by Spur franchisees is from smaller local suppliers, of which approximately 32% is cage free.

In addition, the group is in the process of listing a centralised solution to accelerate the use of cage-free eggs.

The group also plans to assess the impact and timing of the increased use of cage-free egg derivatives for its sauce manufacturing plant and key suppliers.

Marketing and packaging materials

Transition and adoption of technology and digitally-driven marketing channels continue to impact on material outputs within the marketing environment. The downward trend in office consumables prevails due to most employees still working from home.

Encapsulated materials are increasing due to operational COVID-19 hygiene requirements, measuring 15 714 kg (2019/20: 13 596 kg). These items are non-recyclable and will contribute directly to landfills.

Office paper

Office paper use declined, with more focus placed on digital systems and the impact of working from home. Head office A4 paper consumption reduced by 51% over the reporting period, with most volumes being generated in the Cape Town head office (1 250 kg). Consumption in 2021 measured 1 698 kg (2020: 3 484 kg). Although the reduction is encouraging, consumption is likely to increase when employees return to work on a more regular basis.

Marketing materials

There was a notable reduction in the use of paper and board, which could be attributed to reduced operational activity and restaurants printing their own marketing materials, which were made available online during the lockdown periods.

Paper use of 63 725 kg (2020:138 021 kg) remains the most used marketing resource, followed by board 15 411 kg (2020: 12 337 kg), which are both made from renewable sources and account for 83% (2020: 92%) of the overall weight of marketing material consumed.

Takeaway packaging

While we are shifting away from plastic straws, plastic bags, and polystyrene packaging there was an increase in overall takeaway packaging requirements in response to COVID-19, following the shift to online meal ordering and deliveries. The group continues to procure takeaway packaging made from renewable material (bagasse and board instead of plastic) with various new line items being introduced. However, the overall weight measured was slightly less (most likely due to a drop in sales).

The group measures and reports on renewable and non-renewable materials used in takeaway packaging. Over the last four years, a significant reduction (69%) in the use of non-renewable packaging material, based on weight, was reported. Unnecessary and problematic materials such as polystyrene and plastic straws have been removed from the Vector basket. In 2021, 84% (2020: 88%) of packaging was renewable resources, a slight decline from the previous reporting period.

Generic stock

Generic stock items include balloons, docket books, kids' activity packs, menus, reward cards, toothpicks, wristbands, and placemats. Balloons and balloon sticks have reduced from 60 tons in 2016 to only three tons in the last reporting year, as they are being eliminated. The generic stock list has expanded, as it now includes paper serviettes and paper straws.

A shift towards more renewable materials is observed, moving from 59% to 83% of renewable material based on the total weight. The use of paper bags has increased from 170 tonnes in 2020 to 213 tonnes in 2021. An overall 27% increase was noted on renewable packaging material (69% in 2020 to 88% in 2021) as a percentage of total materials used.

Primary Distribution Partner Sustainability Review: Vector Logistics

The group works in close partnership with Vector Logistics to ensure efficient management and procurement of cost-effective, sustainably-sourced, and managed products to the group's franchisee network. Vector's sustainability programme forms part of the integrated RCL Foods programme. Environmental management programmes are aligned to the ISO 14001 standard.

WASTE MANAGEMENT

Head office and facilities

The group's focus remains on efforts to minimise waste creation and divert waste from landfills through recycling and composting. Due to inconsistent input from waste collectors, the overall percentage of waste diverted from landfills was not measured this year.

The total waste to landfill measured during 2019/20 was 3 293 kg, with no measurement for this financial year. Total waste of 12 233 kg was diverted from landfills during 2019/20, with 2 537 kg during this financial year – a reduction of 79%. This reduction is however associated with the lack of data, lack of service and reduction in employees working from the office.

Restaurants

Unfortunately, there was an overall decrease in recycling at restaurant level, declining from 37% to 30%.

SA Plastics Pact

On 30 January 2020, Spur Corporation expressed their commitment towards curbing plastic pollution by becoming one of the founding members of the SA Plastics Pact. The SA Plastics Pact is a collaboration between World Wide Fund for Nature (WWF-SA), the South African Plastics Recycling Organisation (SAPRO) and the UK's WRAP. The SA Plastics Pact, with the support of the founding members, is managed by GreenCape. The Pact and its 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 closed loop systems and circular economies related to non-renewable materials.

Over the last 18 months, the Pact and its members have worked towards identifying 12 major items that are considered highly problematic plastics. Members have been working towards eradicating items where possible and are currently exploring alternative solutions to further eliminate the identified problem plastics. Key focus areas are:

- Phasing out unnecessary single-use plastic items
- Material substitution with properly recycled materials in a South African context
- Innovation for re-use of items, where practical and applicable
- Redesign of the product to eliminate the need for packaging

It is crucial that unintended consequences, such as increasing food waste or introducing materials that may have environmental impacts in the long-term, be avoided.

The Pact members are currently investigating the Phase 2 list which will require longer timescales to address and may also include actions in partnership with other key players to increase the recovery of the items, or to increase recycling capacity or facilitate access to new technologies, specific to the South African context.

To achieve these 2025 targets for a circular economy for plastic in South Africa, various activities are required, such as:

- Redesigning of problematic and unnecessary plastic.
- Introducing re-use models to reduce the need for single-use packaging, while at the same time offering the potential for significant user and business benefits.
- Design for re-use, recycling or composting in practice and at scale, to deliver on a circular approach.

The group participated in a baseline report in December 2020 and completed a full plastic report in August 2021, providing evidence on achieving the above targets. We are also committed to register as a producer, as outlined in the Extended Producer Responsibility (EPR) legislation and will be signing up with Producer Responsibility Organisation (PRO) partners before November 2021.

By delivering on the above targets, the SA Plastics Pact will be able to create new opportunities in product design, increased recyclability, and re-use business models to help boost job creation in the South African plastics collection and recycling sector.

The Steercom and GreenCape, with the support of WWF-SA and WRAP, have subsequently developed the South African Plastics Pact roadmap for 2025 towards collective action in the local market, with annual public progress reporting.

Legislative changes relating to waste management

South Africa's waste generation continues to increase, with significant volumes of waste still being diverted to landfills. To preserve natural resources and develop green economies, producers will be required to take responsibility for their products throughout the product lifecycle – from raw material extraction through product design and use, and ultimately, recovery and recycling or re-use.

The regulations regarding Extended Producer Responsibility (EPR) (R.1184) were published on 5 November 2020, under the National Environmental Management: Waste Act (NEMWA) (Act 59 of 2008). The Extended Producer Responsibility Scheme for Paper, Packaging and Some Single-Use Products (R.1187) was also published. The primary intention of the regulations and the scheme is to extend the financial and physical responsibility of a product to the “producer” of that product, which significantly includes the post-consumer stage (waste disposal).

The purpose of the EPR Regulations is:

- To provide the framework for the development, implementation, monitoring and evaluation of EPR schemes by producers.
- To ensure the effective and efficient management of the identified end-of-life products.
- To encourage and enable the implementation of the “circular economy initiatives”.

The EPR Regulation (R.1184) requires that existing producers register with The Department of Environment, Forestry and Fisheries (DEFF) by November 2021. The EPR Regulation (R.1184) stipulates that failure to comply with various provisions is an offence, which may lead to an “appropriate fine”, imprisonment for a period of 15 years, or both. The group is engaging with PRO to ensure that compliance is achieved by November 2021.

The Pact members are working towards achieving the four ambitious goals by 2025:

GOAL 1	GOAL 2	GOAL 3	GOAL 4
Take action 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 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.

Addressing unnecessary and problematic plastics

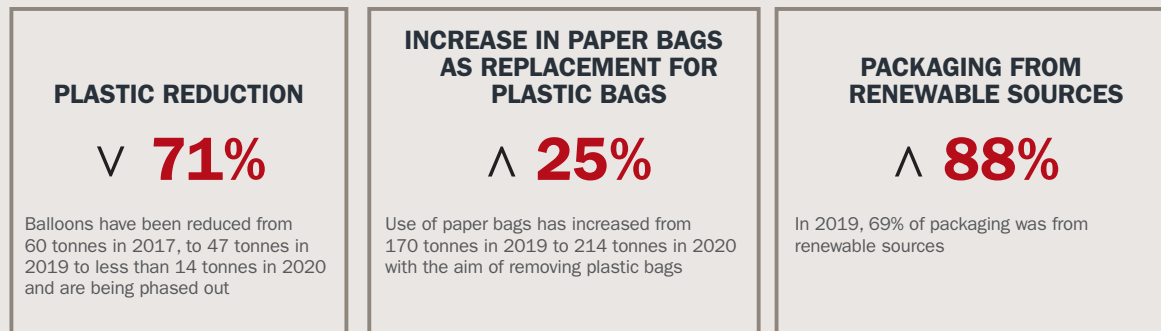


We have been on a strategic drive to reduce pollution and waste being created by single-use items. The group completely phased out polystyrene burger clamshells by 2016 and has been replacing plastic straws (with paper wrappers) through active campaigning since 2017. The group managed to reduce plastic from straws from 58 tonnes in 2017 to 14 tonnes in 2019. During 2020, no plastic straws were distributed through the group's logistic partner. The procurement of paper straws increased from just below two tonnes to over 50 tonnes over the same period.

Plastic utensils (sealed in a plastic polybag) were reduced from 265 tonnes used in 2019, to none in 2020. The procurement of plastic bags has dropped significantly, from 81 tonnes in 2019 to 24 tonnes in 2020, while brown paper bags increased from 56 tonnes to 170 tonnes over the same period.

A review of the last four years indicated more accurate reporting on plastic materials and a significant reduction (69%) in the use of plastic packaging material (measured in weight).

There was a notable drop in balloon use from around 60 tonnes in 2016/17 to less than 14 tonnes in 2020. The effort to move away from balloons forms part of the group's focus on minimising waste by actively removing unnecessary plastic.



Spent oil collection (restaurants)

Used oil management and safe disposal remains a high-risk priority for Spur Corporation and as such, the group proactively reports on the oil usage and effective closed loop waste management at restaurant level. The reporting reflects the volume of oil used (litres) and the volume of oil collected – by approved collectors – for recycling, to allow for calculation of the percentage of oil recycled/converted into biofuels.

There was a reduction in spent oil collected in 2019/20 and 2020/21, which reflects the reduced operational requirements due to COVID-19.

The main aim is to ensure that spent oil is removed from the food chain and preferably recycled into biodiesel.

The majority of the group's brands make use of pure sunflower oil, except for Spur and Spur Grill & Go, which still rely on palm oil blends (70:30 palm to sunflower oil ratio). More than 80% of all oil procured by Spur Corporation during the last year was used by Spur Steak Ranches and Spur Grill & Go.

ENERGY CONSUMPTION

Offices and corporate facilities

Ongoing restrictions related to COVID-19 lockdown measures and employees working from home had a significant impact on electricity consumption at the group's offices and facilities. Electricity consumption decreased by 17% over the reporting period.

Total electricity consumption at corporate offices and manufacturing facilities in 2021 was 908 MWh (2020: 1 027 MWh), equating to a 9.2% reduction. While the consumption of energy of the regional offices has declined year-on-year (17% decrease over the last year), the energy consumption at facilities has increased (3.59%) due to additional cold storage requirements.

Spur Corporation continues to actively monitor electricity consumption at offices and facilities through utility bills and the PowerStar M&V system. Ongoing awareness, employee training, power factor correction and energy retrofits will assist to reduce overall costs, specifically at the group's sauce manufacturing plant.

Restaurants

There was a notable increase in energy efficiency, which could be linked to several factors:

- Improved energy consumption, measuring and monitoring at restaurant level using the EnergyRite M&V system. Sign-ups have increased by 13%, with 43% of restaurants using this system to manage their energy consumption.
- Reduced customer count due to COVID-19 restrictions/regulations.
- Focus on cost management following increases in electricity costs.
- Ongoing proactive management and implementation of interventions, such as energy-efficient appliances, Led light fittings, reduced geyser temperature settings, motion sensors in infrequently used areas and curtains and blinds in walk-in fridges.

WATER CONSUMPTION

Offices and corporate facilities

Water consumption data at the group's offices and facilities is based on information extracted from utility bills.

A significant drop in consumption was noted in the Cape Town head office (47% reduction) and Johannesburg (38% reduction), mainly due to the majority of employees still working from home.

Our manufacturing plant is responsible for 75% of the group's water consumption. A 37% decrease was observed due to lower productivity at the facility as a direct result of COVID-19 capacity restrictions at restaurant level. It is anticipated that this will significantly increase as the group resumes normal operations at restaurant level.

Where possible, the group's offices have been fitted with water-saving fixtures and fittings, with rainwater harvesting and water wise plants to ensure ongoing management and preservation of water resources.

Restaurants

As water monitoring declined, the Eco Team will implement an awareness drive to highlight the importance of water management at restaurant level.

TRAVEL

Operational travel

COVID-19 has had a significant impact on travel for the last two reporting periods, with a 72% reduction in local and international travel over the last 18 months. Adoption of digital meeting platforms to replace travel has had an added impact on the requirement for long distance travel, car hire and accommodation, saving on travel-related expenses and reducing CO₂e.

Short-haul economy flights decreased by 16%. Total distances flown during 2021 were: 949 702km (2020: 3 410 467 km). Total carbon emissions during 2021 were: 176 673 kg CO₂e (2020: 699 932 kg CO₂e).

Fuel claims were also 84% lower than previous years. Although vehicle fuel consumption this year increased compared to last year, it is still lower than 2019. The operational teams increased restaurants visits when COVID-19 restrictions and curfew were relaxed, which accounted for most of the fuel consumption. Usage is now almost at traditional levels.

CARBON FOOTPRINT REPORT

Spur Corporation conducts a bi-annual carbon footprint report to monitor the group's impact on climate change. Reporting data is available from 2017 and 2019 respectively. The next reporting period was set for 2021, but due to limited operations and budget constraints as a direct result of COVID-19, the group was not able to conduct the independent report. The next report is planned for 2022.

Packaging and take-away materials, as well as generic stock items and other products were included for the first time in 2019, adding 2 748 tCO₂e to Scope 3 and resulting in a 119% increase in Scope 3 emissions between years.

Transfers in kilometers travelled with EZ Shuttle were also included for the first time in 2019, based on an assumption of 30km per trip. This contributed only 0.81 tCO₂e to Scope 3 emissions. Accommodation was calculated using country-specific emission factors. International destinations were not available, and assumptions were made based on Spur Corporation's international flight destination profile.

In addition to the carbon footprint report, the Eco Team is in the process of developing a sustainability tool which will provide a desktop study related to animal protein sales across all brands. The purpose of this study is to further understand and measure the CO₂e of the group's animal-based products. The data will assist the Eco Team to support the business in developing offset and mitigation strategies to address climate change.

ENVIRONMENTAL SUSTAINABILITY KEY MEASURES

Focus	Description	GRI ref	2020 Actual	2021 Target	2021 Actual	2022 Target	2025 Target	Comment
ENERGY								
Electricity – Regional Offices	Electricity consumption for regional offices (total MWh per annum) ²¹	G4-EN3	485 MWh	550 MWh	347 MWh	550 MWh	560 MWh	Jhb includes estimates due to Power Star M&V system non-operational over the reporting period
Electricity – Facilities	Electricity consumption for facilities (total MWh per annum) ²²	G4-EN3	542 MWh	550 MWh	561 MWh	550 MWh	560 MWh	Includes Baker Street with new cold storage & SCK
Diesel	Diesel used for generators at facilities and regional offices (total litres per annum)	G4-EN3	3 081 Litres	3 000 Litres	2 766 Litres	3 000 Litres	3 000 Litres	Consumption influenced by load shedding
Paraffin	Paraffin use at SCK (total litres per annum)	G4-EN3	33 480 Litres	45 000 Litres	43 480 Litres	45 000 Litres	50 000 Litres	
Liquid Petroleum Gas	LPG used for cooking at HO facilities and regional offices (total kilograms per annum)	G4-EN3	478 kg	600 kg	0 kg	600 kg	800 kg	Used at Cayuga
WATER								
Water – Regional Offices	Water consumption for regional offices (total kilolitres per annum)	G4-EN8	1 508 Kilolitres	2 400 Kilolitres	869 Kilolitres	2 400 Kilolitres	2 500 Kilolitres	Regional offices in CT, Jhb and Dbn
Water – Facilities	Water consumption for HO facilities (total kilolitres per annum)	G4-EN8	3 279 Kilolitres	4 500 Kilolitres	2 645 Kilolitres	4 500 Kilolitres	5 000 Kilolitres	Facilities at Baker Street and Kestrel Close
WASTE								
Waste – Regional Offices	Percentage of waste diverted from landfill through recycling or composting for facilities and regional offices (% of total kg per annum)	G4-EN23	66%	75%	Insufficient Data	75%	80%	Johannesburg and Durban are estimates only

²¹ Continuous increase due to growth in the business, but aim to reduce through energy efficiency

²² Continuous increase due to growth in the business, but aim to reduce through energy efficiency

Focus	Description	GRI ref	2020 Actual	2021 Target	2021 Actual	2022 Target	2025 Target	Comment
Waste – Facilities	Amount of waste diverted from landfill through recycling or composting at Spur Corp facilities - décor and SCK (total kg per annum)	G4-EN23	Insufficient data	Insufficient data	Insufficient data	Insufficient data	Insufficient data	No data for Baker Street
Waste –SCK	Amount of waste diverted from landfill through recycling or composting at Spur Central Kitchen (total kg per annum)	G4-EN23	47,3 ton to landfill and 9,2 ton diverted through recycling	50 ton to landfill and 14 ton diverted through recycling	29,8 ton to landfill and 9,2 ton diverted through recycling	50 ton to landfill and 14 ton diverted through recycling	55 ton to landfill and 18 ton diverted through recycling	Only SCK
Waste –SCK	Percentage of waste diverted from landfill through recycling or composting for Spur Central Kitchen (% of total ton per annum)	G4-EN23	16%	22%	16%	22%	25%	Linked to previous indicator
Waste – Facilities	Amount of waste diverted from landfill through recycling or composting at Spur Corp facilities - décor and SCK (total kg per annum)	G4-EN23	Insufficient data	Insufficient data	Insufficient data	Insufficient data	Insufficient data	No data for Baker Street
SPENT OIL								
Oil – litres sold by Vector to stores	Total volume of oil bought by stores (total kilolitres per annum)	G4-EN23	3 360 Kilolitre	3 500 Kilolitre	2 359 Kilolitre	3 500 Kilolitre	3 800 Kilolitre	Anticipated to increase with increase of business
Palm oil reduction	Percentage of palm oil, based on total volume of oil	G4-EN23	60%	47%	54%	50%	10%	Aim to reduce use of palm oil for cooking
Spent oil – litres recycled	Total volume of spent oil collected for recycling, mostly used for biodiesel (total kilolitres per annum)	G4-EN23	929 Kilolitre	1 050 Kilolitre	749.5 Kilolitre	1 050 Kilolitre	1 140 Kilolitre	Aim for 30% of spent oil
Spent oil – percentage recycled	Percentage spent oil collected for recycling (% based on total oil purchased)	G4-EN23	28%	30%	32%	30%	30%	30% is the target ratio for spent oil collection

Focus	Description	GRI ref	2020 Actual	2021 Target	2021 Actual	2022 Target	2025 Target	Comment
PAPER & PACKAGING								
Office paper	Weight of office paper used at offices and facilities	G4-EN1	3 484 kg	5 000 kg	1 698 kg	4 000 kg	5 500 kg	
Packaging material – percentage renewable material	Percentage of takeaway packaging made from renewable material	G4-EN1	88%	90%	84%	90%	90%	
Marketing material – percentage renewable material	Percentage of marketing material made from renewable material	G4-EN1	92%	95%	83%	95%	95%	
TRAVEL & ACCOMMODATION								
Travel - flights	Number of local and international flights	G4-EN30	1 021 flights	1 500 flights	497 flights	1 500 flights	2 000 flights	
Travel - flights	Distance flown for local and international flights	G4-EN30	3 410 467 km flown	4 000 000 km flown	949 702 km flown	4 000 000 km flown	5 000 000 km flown	
Travel - accommodation	Number of hotel nights booked	G4-EN30	2 040 Nights	4 200 Nights	1 103 Nights	4 200 Nights	4 500 Nights	
Travel – car hire	Distance travelled in hired vehicles (kilometres per annum)	G4-EN30	101 932 km	200 000 km	24 258 km	200 000 km	230 000 km	
TRAVEL								
Fleet vehicles	Fuel used in company fleet vehicles (litres per annum)	G4-EN30	213 231 litres	245 000 litres	222 897 litres	245 000 litres	255 000 litres	Including both Nedbank and ABSA fleets
Ad hoc fuel claims	Fuel used in private vehicles for company purpose (kilometres driven per annum)	G4-EN30	18 333 km	20 000 km	2 943 km	20 000 km	24 000 km	Based on SARS rate of R3,61/km

KEY ENVIRONMENTAL STRATEGIES FOR F2022

Key activities will focus on nine themes, as illustrated below:

KEY FOCUS AREAS



STRATEGIC ACTIONS FOR F2022

Strategy	Objective
Sustainable leadership development	Enable and support a resilient, innovative leadership team that is focused on internal and external sustainability concerns. Drive the nine key focus areas.
GO Reports	To achieve accurate data for comparative analysis across brands to reduce consumption, environmental impact and support operational profitability.
Measurement and verification of environmental KPIs	To obtain accurate data to identify impact and risk, while reducing consumption and cost.
Procurement and supply chain engagement	To increase traceability, minimise degradation of natural resources, increase food security insurance, reduce environmental risk and promote greater environmental responsibility and resilience.
Stakeholder engagement	To build meaningful communications platforms, partnerships and values-driven alignment that will support our overall objective of building sustainable brands.
Environmental sustainability training	To focus on providing stakeholders and gatekeepers with the required skills and information to support the group's sustainability objectives.
Environmental legislation	To remain abreast of environmental legislative changes and requirements that may impact the business.
Alignment with UN SDGs	To align sustainability activities and disclosures with the goals and targets, as set out in the UN SDGs.

HOW WE MANAGE OUR ROLE IN SOCIETY



COVID-19 has significantly affected the quality of people's lives. It impacted people's businesses and livelihoods, especially in South Africa where more than 30% of people do not have jobs. South Africa is also ranked by the World Bank as the most unequal country in the world.

Even before the impact of COVID-19, 2.5 million children experienced hunger and almost a third of children who died were severely malnourished.

In this context, the group amplified its efforts to support employees and other stakeholders in our communities.



THE SPUR FOUNDATION

We established the Spur Foundation on International Mandela Day, 18 July 2012, with a donation of R670 000 from Spur Corporation in line with the “67 minutes” theme of Mandela Day, and the creation of Spur in 1967.

The foundation aims to uplift and improve the lives of South African families, especially children, in line with its core value of generosity and Ubuntu.

In 2014, the group committed to fund 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 initiatives. Funding is further supplemented through restaurant campaigns, fundraising initiatives and a voluntary employee salary deduction donations scheme.

The foundation has been focusing 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.

Early childhood interventions are important as they assist to mitigate the impact of adverse early experiences. If not addressed, these could lead to poor health, poor educational achievements, economic dependency, increased violence and crime and increased substance abuse and depression.

—
Foundation donations
(included in total)
—

R322 535

Training of teachers at day care centres
(2020: R219 952)

R95 484

Nutritional programmes at day care centres
(2020: R470 200)

R225 081

Other beneficiaries
(2020: R681 216 which included R150 000 towards Mandela Day meal packing)

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 supported by employees and requests include groceries for soup kitchens run by employees, food for animal shelters, church fundraisers and 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. The foundation supported these initiatives with donations of food and essential items.

The Spur Foundation took the decision to position the foundation as a strategic business function while still executing the objectives stipulated in the Trust Deed. This strategy will result in the foundation becoming the vehicle for the group's socio-economic development projects, with Spur Steak Ranches retaining the Full Tummy Fund as their chosen initiative.

John Dory's and Panarottis have launched their own initiatives that will align to their brands and sustainability strategies. RocoMamas and The Hussar Grill are evaluating their approach.



Panarottis For Family – Big on Family, Big on Caring – will assist projects aimed at supporting less fortunate families by partnering with organisations or projects aiding foster families, orphans (youth skills development, not orphanages), families with special needs children, child-headed homes and young or single mothers.

Panarottis included their Panarottis for Family initiative on their new menu in July 2021, with R1 from every top-up sold donated to this initiative.



The Full Tummy Fund focuses 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.

Spur donates R1 from every Spur Kids Burger to the Full Tummy Fund.

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 increased 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 more than 800 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.

CUSTOMER ENGAGEMENT

Customer satisfaction and the growth and retention of a loyal customer base are important value drivers for us.

LOYALTY PROGRAMMES

The group's customer loyalty programmes are aimed at increasing sales, retaining customers and rewarding loyalty.

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 had 1.2 million active members at year-end.

1 171 952

Active group loyalty club members

(2020: 1 312 171)

R1.1 million

Spur loyalty club spend

(2020: R1.7 million)

Loyalty programme	New members in 2021	Total active members
Spur Family Card	276 200	931 182
Panarottis Rewards	42 000	139 884
John's Club	38 760	95 000
RocoMamas Royalty	26 178	5 886

CUSTOMER CONTACT CENTRE

Interactions with the contact centre decreased by 29.8% during the financial year, with 87% of interactions relating to customer queries, 9% complaints and 4% compliments. Interactions increased by 88% in the fourth quarter when restaurants were trading compared to being closed last year.

Telephony remains the most popular contact medium with customers at 51.1% of all interactions.

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 employee morale and motivation.

The majority of the interaction with the contact centre was queries relating to reviews, restaurant contact details, facilities and trading status (especially when we exited restrictions), loyalty programme vouchers, replacement loyalty cards and people seeking employment.

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	227 464	4.6
International reviews	17 840	4.5
Total reviews	245 304	4.6

245 304

social media reviews by customers

In 2022, management plans to implement enhancements to customer engagement and satisfaction. We will also review current technological opportunities to enhance and improve our support of consumers and franchisees.

4.6 out of 5

average rating on social media across all brands

Local and international

7.4 million

Customer social media interactions on brand pages and Google

excludes individual local store pages



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