





SPUR CORP.

LEADING FOR THE GREATER GOOD

Remuneration Report TWENTY22

REMUNERATION REPORT

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PART 1: BACKGROUND STATEMENT

Dear shareholders

On behalf of the board of directors and the nominations and remuneration committee (the committee), I am pleased to present the remuneration report for the 2022 financial year (the report).

Our committee's focus remains to ensure that the remuneration structure at Spur Corporation drives value creation for our shareholders, provides a motivating remuneration package for all our employees and strives for best-practice corporate governance standards.

Our objective is to increase shareholder alignment, market competitiveness and a performance-driven culture.

As disclosed previously, the group aims for our executive remuneration practices to shift the focus from guaranteed pay towards variable pay by adjusting the current pay mix to enhance the variable pay portion of the total reward package. We have made changes to our remuneration structure and adopted new short (STI) and long-term incentive (LTI) schemes, which were implemented in the 2022 financial year.

We actively engaged with shareholders during the prior year regarding the planned implementation of the new incentive schemes and have implemented and allocated the first tranche in line with the principles agreed with shareholders and the respective scheme rules. These engagements addressed the mix of incentive instruments to be used, the key performance metrics used for the incentives as well as the process of setting targets.

Further details are provided as follows.

THE YEAR IN REVIEW

Our main market of South Africa faced some challenges this year, including the weaker global environment, a tightening of domestic monetary policy, a further rise in electricity loadshedding, and the adverse impact of local and foreign factors on business supply chains.

According to the *17th World Economic Forum Global Risks Report*, South Africa was identified as one of 31 countries with high risks around the erosion of social cohesion. Extended prolonged economic stagnation, unemployment, failure of public infrastructure, corruption and crime have severely impacted the social fabric of the country.

Based on food service type, the values of the total sit-down, delivery and takeaway markets in South Africa were estimated by the *Deloitte Global State of the Consumer Tracker* report (Deloitte Tracker report) at approximately R35.8 billion in 2021 with the sit-down segment experiencing a decline in revenue share to 22.5% in 2021.

The Deloitte Tracker report indicates that when post-pandemic behaviour is benchmarked against pre-pandemic behaviour, there is a 12% contraction in dining at restaurants. The same report indicated that there was an expected reversal of a multi-decade trend with post-pandemic activity, when benchmarked against pre-pandemic behaviour, expanding in *cook at home* (+42%), *buy fresh food* (+29%) and *takeaway or delivery* (+20%). With the group's brands largely providing sit-down casual-dining offerings and experiences, and with an uncertainty on the timing and extent of a "post-COVID-19 recovery of trade", it was anticipated that the 2022 financial year could not reasonably be expected to deliver a pre-COVID-19 performance, even in nominal terms.

The 2022 financial year commenced with extreme civil unrest ravaging parts of KwaZulu-Natal and, to a lesser extent, Gauteng, in July 2021. This had a significant negative impact on the group's turnover resulting in an estimated loss in profit of R11.5 million. However, as the first half of the financial year unfolded and market conditions improved with the relaxation of the COVID-19 regulations, we saw pleasing upturns. Trading conditions improved with franchised restaurant sales in the first half of the year growing by 28.3% compared to the prior comparable period. This robust growth continued into the second half, with a 28.5% increase in local restaurant sales and a 24.7% increase in international restaurant sales.

In the context of an industry under pressure, the group's financial performance for the year is a result of the significant efforts by the leadership team along with their teams and exceeded what were considered to be appropriate growth targets at the commencement of the financial year.

The group's post-COVID-19 recovery trajectory has been quicker than anticipated and the committee and board are of the view that this is attributable to the implementation of nimble response strategies and focussed activities by the leadership team.

As a group, we are entering a new era, a new phase and a new trading period post the pandemic. Economic headwinds remain formidable and are biting into consumer purchasing power, but our business model continues to demonstrate its resilience. We need to be cognisant that the restaurant sector continues to face steep increases in operating costs. With the trend away from sit-down trade referenced above, and consequently pressure on sales growth during the past couple of years, the sector has had to adjust staffing levels, tailor menus, introduce more value offerings and simplify operations to manage increases in other overhead costs.

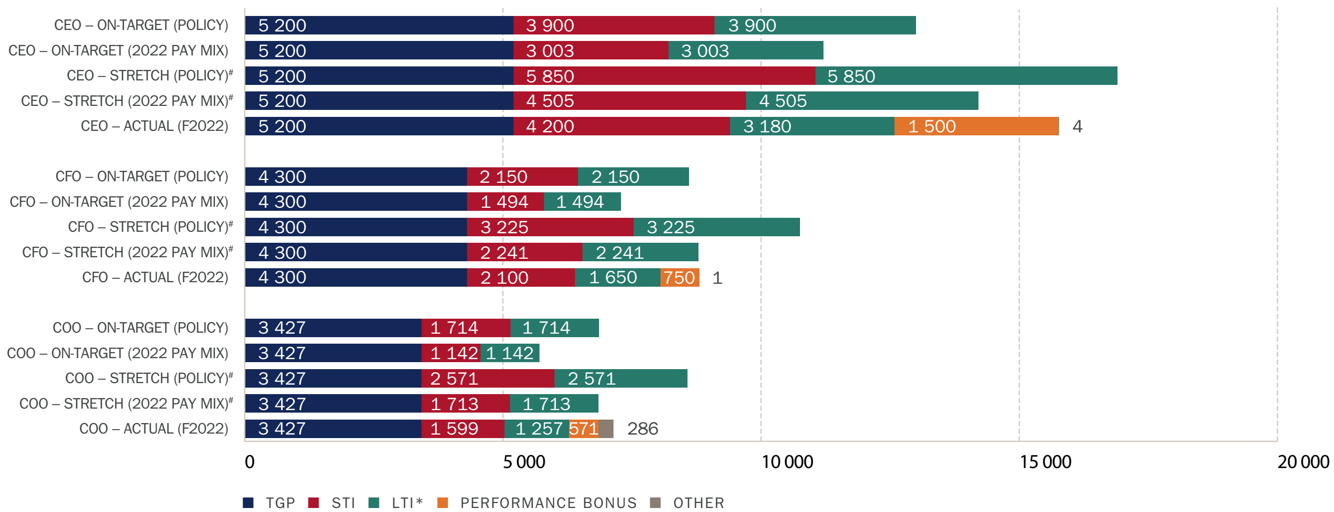
As a committee, we therefore have had to carefully balance the group's financial health with incentivising our teams to ensure ongoing delivery on our strategy and productivity.

Following the improved performance in the second half of the 2021 financial year, and in light of the punitive measures on remuneration that were required to be applied during the 2021 year, as well as the expectation of gradually improving trading conditions, the following actions were approved by the committee during the 2022 financial year:

1. The executive directors were granted a 2% increase (prorated for a portion of the year where the employee was appointed during the 2021 financial year) in total guaranteed pay (TGP), with effect from 1 July 2021. 26% of employees received a 2% increase in TGP and 55% of employees received a 4% increase. Where employees were identified as being paid below the market median for remuneration levels, based on available salary benchmarking data prior to job reprofiling and regrading, higher increases in guaranteed remuneration were applied in an attempt to realign identified gaps to median. 19% of employees (49 employees) thus received increases in excess of 6%.
2. The group's minimum wage for corporate employees increased this year to R8 450 (2021: R7 020) per month, aligned to the principle of a living wage. We have ensured that our company-owned retail restaurants comply with regulations governing statutory minimum pay. We will continue to assess the possibility of addressing shortfalls against the group's policy of targeting the market median for benchmarked remuneration levels over a period of time, with an initial focus on junior-level employees.
3. Following engagement with stakeholders, the group refined its new STI scheme rules and implemented these for the 2022 financial year. STI performance measures were established along with personal performance scorecard targets which, in the opinion of the board and the committee, would deliver value to shareholders if achieved. STI bonuses based on group financial performance were paid at stretch-target level for the 2022 financial year. Notwithstanding that stretch targets were achieved, in light of the fact that lower variable remuneration structures were implemented for the 2022 financial due to affordability concerns (as stakeholders were advised last year), actual STI payments were only slightly ahead of the on-target policy pay mix (as detailed in the graphic that follows). The STI payments were settled in September 2022 (refer to part 3 of this report for details of the STI bonuses paid to the CEO, CFO and COO).
4. Along with the STI, the first tranche of bonus awards (bonus matching forfeitable shares or BM FSPs) was allocated in September 2022, the value of which was determined with reference to the earned STI for the 2022 financial year.
5. On 7 October 2021, the first tranche of share appreciation rights (SARs) was issued in terms of the Share Appreciation Right Plan 2020 (SAR 2020), and was awarded to eligible and participating employees.
6. As the STI and thirteenth cheque bonus schemes had been suspended for the 2021 financial year as part of the group's COVID-19 austerity measures, in recognition of the considerable efforts by management to implement its post-COVID-19 recovery strategy, the committee approved a performance bonus pool relating to the 2021 financial year which was allocated to eligible employees. Employees' eligibility and individual awards were assessed, awarded and settled to participants in December 2021 based on an assessment of personal performance. These awards (other than for executive directors) were proposed by the relevant line managers, reviewed and recommended by the group PLC (People, Leadership and Culture) executive, approved by the executive directors and typically amounted to approximately one month's TGP. In the case of executive directors, the committee approved a bonus equating to approximately 50% of each director's on-target STI bonus for the 2022 financial year. Refer to page 24 of part 3 of this report for details of these performance bonuses paid to the CEO, CFO and COO.

The graph below illustrates how the total remuneration outcomes for executive directors compared against our formal policy and against the lower incentive percentages that were applied for the 2022 financial year. As can be seen, despite the fact that the financial measures of the 2022 STI achieved stretch outcomes, the total remuneration outcomes are marginally higher than at on-target levels of the formal policy.

ACTUAL RELATIVE TO ON-TARGET AND STRETCH PAY OUTCOMES PER POLICY AND F2022 PAY MIX (R'000)



* LTI comprises:
- intrinsic value of BM FSPs in respect of the 2022 financial year, allocated in September 2022 and determined with reference to the STI payment for the 2022 financial year, and
- the intrinsic value of the SARs awarded in the 2022 financial year, assuming on-target performance conditions are achieved over the vesting period.

\# Stretch pay mix assumes both personal and business (group) performance stretch targets achieved.

Subsequent to the 2022 financial year:

1. The group awarded increases in TGP to all employees with effect from 1 July 2022, with certain exceptions. 64% of employees (including the executive directors and leadership team) were awarded an increase of 6.5% in TGP; 21% of employees were awarded between 7% and 10%; and the balance received above 10% increases. The process was guided by the finalised outcomes of a comprehensive job grading review and overhaul conducted during the 2022 financial year and a process of matching each role (based on job grade) to external market benchmark data. An effort was made (subject to affordability) to adjust employees' TGP to approach the targeted median of the benchmarked pay range which resulted in certain of the outliers noted above.
2. The STI and LTI principles applicable to the 2023 financial year are largely unchanged from those applicable to the 2022 financial year, with the exception of the performance targets. In addition, the pay mix applicable to the executive directors for the 2023 financial year (i.e. the ratio of TGP to STI and LTI) will be in line with the remuneration policy previously approved by shareholders. The LTI instruments in question are anticipated to be awarded in November 2022. Further particulars, including details on the performance targets set by the committee, are detailed in part 2 of this report.

SHAREHOLDER ENGAGEMENT AND VOTING

We were pleased that the group's remuneration policy and remuneration implementation report, as tabled at the December 2021 AGM, were endorsed by shareholders representing 76.67% and 81.69% respectively of the shares voted at the meeting.

The committee continues to engage with shareholders where specific concerns or discussion points are raised. The committee will engage with shareholders prior to the AGM of 9 December 2022.

A status update on the areas of focus discussed during shareholder engagements over the past two years, which required further attention, is summarised below:

Total reward and pay mix

Shareholder feedback	Previous year response	Status update
Pay mix is still weighted in favour of guaranteed remuneration rather than variable remuneration, with a particular focus required on the CEO pay mix.	Based on the feedback received from shareholders and our advisors, we rebalanced our total remuneration offering by increasing the performance orientation of our remuneration structures, with a focus on variable remuneration. KPI's with detailed performance targets are in place for all employees including CEO, CFO and COO. With the appointment of executives, their TGP amounts were set at market-related levels and variable pay was calibrated with reference to the TGP. Due to affordability considerations, lower variable pay was set for the 2022 financial year.	The remuneration policy will be fully implemented for the 2023 financial year and remuneration for executives will be aligned to the intended pay mix. The CEO's TGP will comprise 40% of on-target pay mix, while the CFO and COO's TGP will comprise 50%.

The STI scheme

Shareholder feedback	Previous year response	Status update
Personal performance indicators must not be considered in the determination of any STI award.	The board notes that, in respect of executive directors, only 20% of the STI award is subject to personal performance while 80% is awarded on achieving financial performance metrics. Personal performance is measured with reference to bespoke detailed balanced scorecards per participant which are each specifically aligned to the board-approved group strategy and business plan and the committee therefore considers the use of personal performance as a key component of the STI to ensure strategy alignment and execution.	Details of the components included in the personal scorecards for the 2022 financial year together with their weighting and final ratings are disclosed in page 34 of the integrated annual report and page 25 and 26 of this report. The scorecards for the 2023 financial year are also disclosed (refer page 26 of this report). Specific environmental and social metrics have been included in each executive's scorecard as part of the *Transformation* key performance area.

The LTI scheme

Shareholder feedback	Previous year response	Status update
In respect of the LTI awards, the use of performance shares is preferred relative to SARs.	The primary instrument used for the first tranche of LTIs is a SAR. A SAR's value is inherent to the increase of the company's share price appreciation over the performance period and the increase in value is directly aligned with the value realised by shareholders over the same period. The share price incorporates market (and shareholder) sentiment and is underpinned by the group's profitability. Should the group fail to perform in line with shareholder expectations or take decisions and/or allocate capital which fails to meet with shareholder return expectations, this will impact on the share price and therefore directly on the value of the SARs that vest.	The committee deems it appropriate to continue with the same instrument for the 2023 awards as for the 2022 awards. The committee will continue to assess the appropriate mix of instruments to be used for the LTI awards in future years. The RSP 2020 makes provision for the use of performance shares which may be used as an alternative to (or in addition to) SARs in future years.

Malus and Clawback

Shareholder feedback	Previous year response	Status update
Details of Malus and Clawback Policy to be included in the remuneration report.	The Malus and Clawback Policy is in place with trigger events defined. The policy is applicable to both STI and LTI awards.	The Malus and Clawback Policy has been further updated to include material breaches of governance as well as beaches of laws and regulations and fiduciary duties to act as trigger events. Refer also part 2 of this report.

Mandatory shareholding requirements (MSR)

Shareholder feedback	Previous year response	Status update
MSR should be imposed for executives.	The board will implement MSR in due course, following engagement with the impacted executives.	The board has commenced its engagement with executives regarding MSR. A policy will be implemented in due course.

Environmental, social and governance (ESG) requirements

Shareholder feedback	Previous year response	Status update
Inclusion of ESG metrics in determination of awards where these are tangibly defined and measured.	The board has committed to augment existing incentives to accommodate ESG measures in due course.	Specific environmental and social metrics have been considered for each executive as part of their deliverables within the *Transformation* key performance area of their scorecards (refer scorecards for the 2023 financial year disclosed in part 2 of this report on page 26). Potential governance failures have been addressed by augmenting the Malus and Clawback Policy to include these as trigger events (refer part 2 of this report).

REMUNERATION POLICY CHANGES AND KEY AREAS OF FOCUS FOR THE YEAR

No significant changes to the last remuneration policy as tabled, and approved by shareholders, at the December 2021 AGM have been made or are proposed. As referenced above, the on-target pay mix structures per the remuneration policy were not fully implemented for executives in the 2022 financial year due to affordability concerns, but these will be implemented in the 2023 financial year. With the exception of the financial performance targets, no changes are proposed to the STI and LTIs applicable to the 2023 financial year relative to those applied in the 2022 financial year. Details of the STI and LTIs applicable for the 2022 and 2023 financial years are included in part 3 and part 2 of this report respectively.

The Malus and Clawback Policy applicable to all incentive schemes was updated to include breaches in governance as a trigger event (refer part 2 of this report).

EXTERNAL ADVISERS

PwC has been engaged to advise the committee on remuneration matters.

In previous years, PwC assisted the board and committee with the activities leading up to the implementation of the group's new incentive schemes, including:

- the review and update of the remuneration policy;
- the design and implementation of the current STI and LTI schemes;
- developing extensive financial models to assess the financial impact of the group's incentive schemes including affordability gatekeepers and free cash flow settlement conditions for the STI;
- developing the Malus and Clawback Policy;
- determining appropriate performance conditions to be applied to the various incentive schemes and providing recommendations on the target setting process; and
- its engagements with key stakeholders.

The relationship with PwC continued in the current financial year and included:

- assistance with, and making recommendations on, appropriate performance condition setting and the target setting process relative to market best practice and benchmarks;
- reviewing this Remuneration Report and the Remuneration Policy and providing findings and recommendations relative to King IV guidelines and best market practice reporting; and
- reviewing the Malus and Clawback Policy, in particular the amendment to the policy to treat any material governance breach or breach in terms of laws and regulations to act as trigger events in terms of the policy.

The committee is satisfied with the independence and objectivity of PwC.

FUTURE FOCUS AREAS

The committee will regularly assess the appropriateness of the variable pay schemes implemented for the 2023 financial year. While we believe that the affordability gatekeepers and cash settlement conditions will guard against adverse financial consequences for the group, diligent and continuous monitoring and focus will continue.

We recognise the need to entrench a pay-for-performance culture and continuously ensure alignment between executive remuneration and long-term value creation. We have made progress in achieving this through the implementation of the incentive schemes for both the 2022 and 2023 financial years and will continue to focus on ensuring greater alignment over time.

The committee is aware of recent developments in best practice remuneration management which encourage the monitoring and disclosure of fair pay readiness in anticipation of the promulgation of the proposed amendments to the Companies Act. The proposed amendments require the company to report annually on the average remuneration of all employees, median remuneration of all employees and the remuneration gap reflecting the ratio between the total remuneration of the top 5% highest paid employees and the total remuneration of the bottom 5% lowest paid employees of the company. In response to this, we will focus on:

- developing a fair pay charter setting out the principles underpinning fair and responsible pay;
- investigating the feasibility and potential practical implementation of a living wage (as referred to earlier in this report);
- engage employees in this regard; and
- develop appropriate measures to be disclosed to support transparent communication of these issues to all stakeholders.

In response to engagements with stakeholders and in line with best practice, the committee will:

- continue to assess the appropriateness of the instruments used in the LTI and make appropriate changes as the environment evolves;
- further develop and expand upon the social and environmental metrics in the scorecards of executives;
- continue the engagement with executives regarding the development and implementation of an MSR for executives; and
- investigate how best to establish, monitor and disclose fair pay readiness prior to the implementation of the related amendments to the Companies Act.

On behalf of the company, the committee and the board, I thank you for your continued input and support.

Shirley Zinn

27 October 2022

PART 2:
REMUNERATION POLICY

REMUNERATION GOVERNANCE

The committee is mandated by the board to oversee the establishment and implementation of a group-wide remuneration policy. This policy is founded on the principles of fair, responsible and transparent remuneration practices, and seeks to:

- attract and retain talented, high performing individuals, and to motivate all employees to contribute continuously to the success of the group;
- promote the strategic objectives in the short, medium and long term;
- promote positive outcomes; and
- promote an ethical culture and responsible corporate citizenship.

The roles and responsibilities of the committee are available in the online governance review at www.spurcorporation.com/investors/results-centre.

OVERVIEW OF REMUNERATION POLICY

The remuneration policy is available at www.spurcorporation.com/investors/results-centre.

The purpose of the remuneration policy is to provide the group with a framework within which to determine and approve organisation-wide remuneration which will attain the policy's overall objective, namely to articulate and effect fair, responsible and transparent remuneration.

By implementing the remuneration policy, in conjunction with other HR-related policies, the group aims to maintain a positive, quality, motivated workforce which operates responsibly within an ethical culture. This should lead to long-term shareholder value creation.

The remuneration policy is based fundamentally on the following principles:

- Adherence to principles of good corporate governance and regulatory frameworks.
- Alignment to the overall business strategy, objectives and values of the group.
- "Horizontal fairness" is applied. Employees performing similar job requirements at the same or similar level of performance in the organisation receive the same or similar levels of remuneration. The following standardised considerations are taken into account:
  - seniority or length of service;
  - qualifications, ability, competence, potential;
  - shortage of relevant skill in a particular job classification; and
  - work performance.
- "Vertical fairness" is applied. Differences in total remuneration between different job levels can be explained and justified on a consistent basis.
- Ensuring that executive management's remuneration is fair and responsible within the context of overall, organisation-wide employee remuneration.
- Remuneration for executive and senior management is to be balanced between guaranteed remuneration, and STI and LTI schemes which are aligned to positive strategic outcomes and shareholder interests.
- The group targets remuneration at the median of benchmarked remuneration levels.
- Over the medium term, the group intends to assess positive outcomes across the various contexts in which the group operates, namely, people (social), planet (environmental) and profit (economic).
- The group's performance management system aims to, *inter alia*, identify and reward individual performance.

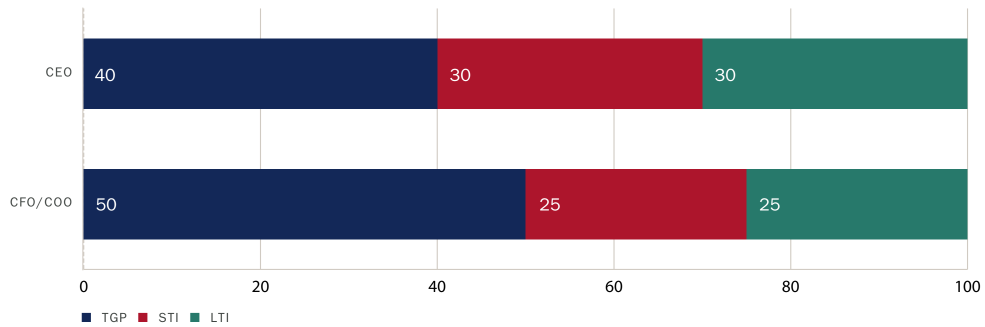
ELEMENTS OF REMUNERATION AND PAY MIX

Remuneration consists of the following elements:

1. Total guaranteed pay (TGP)
2. Short-term bonus: Thirteenth cheque and STI
3. LTI, including:
   - historically the group used LTIs, namely an equity-settled FSP retention scheme and an equity-settled SAR incentive scheme (collectively the 2016 LTIs); and
   - LTIs approved at the December 2020 AGM, namely the SAR 2020 and RSP 2020 schemes.

The standard on-target pay mix for executive directors is specified in the remuneration policy. While the group had implemented variable remuneration schemes for the 2022 financial year which resulted in on-target variable remuneration being less than the standard policy due to affordability concerns, as mentioned in part 1 of this report, the group intends to implement the pay mixes specified in the remuneration policy in the 2023 financial year. This is depicted as per the graphic below.

ON TARGET PAY MIX (%) PER STANDARD POLICY



1. Total guaranteed pay (TGP)

TGP comprises basic cost-to-company (CTC) and, in certain instances where employees regularly and routinely are required to travel for business purposes, a travel allowance.

The CTC amount comprises a cash salary, medical aid contribution and provident fund contribution where the cash salary is determined as the CTC amount less the employee's cost of medical aid and contribution to the provident fund.

Employees are required to be covered by medical aid and be a member of the group's provident fund. Contributions to the provident fund include group life and disability cover.

The following principles apply to TGP and increases thereon:

- TGP is largely based on benchmarking undertaken from time to time. *Old Mutual REMchannel* is utilised as the main source of industry and market remuneration information against which TGP is benchmarked.
- Consideration is given to "horizontal fairness" and "vertical fairness".
- TGP is fixed for a period of 12 months and is subject to an annual review with effect from 1 July each year.
- Increases are based on inflation, benchmarking exercises, core skills, changes in responsibilities and group financial performance measures, underpinned by individual performance.
- Increases (excluding those of executive directors) are proposed by the relevant line managers, reviewed and recommended by the CFO and COO, and reviewed and approved by the CEO.
- Executive directors' increases in TGP are recommended by the CEO and reviewed and approved by the committee, in accordance with power delegated to it by the board. The committee approves the CEO's remuneration.

In certain instances where employees regularly and routinely are required to travel for business purposes, employees may be provided with the use of a company car. Company cars are typically only granted to employees where the significant majority of the use of the car is for business purposes. The value of this benefit is in addition to TGP. Directors are not supplied with company cars. The type of vehicle is granted at the discretion of the company.

2. Short-term bonus: Thirteenth cheque and STI

Employees participate in either the STI scheme or a thirteenth cheque, depending on their position and seniority.

Subject to the committee's discretion, participants in the STI are *bona fide* full-time eligible employees of Spur who are employed at Paterson Grade D Upper and above who have been determined to have sufficient discretionary managerial or executive (depending on the status of the eligible employee) decision-making authority, influence and ability to have a meaningful impact on the financial performance of the group.

The thirteenth cheque scheme is available to all other employees that do not form part of the STI scheme.

2.1 STI

The purpose of the STI is to align the interests of eligible employees with those of shareholders in the short term and is therefore aimed at rewarding the achievement of profit-based targets for the year in question.

The salient features of the STI applicable to the 2023 financial year are summarised in the table below:

Element	Description
Bonus formula	Annual TGP x on-target percentage x [(business performance weighting x business performance score) + (personal performance weighting x personal performance factor)]
On-target percentages	The following on-target percentages apply:

	As a % of TGP per standard policy
CEO	75%
CFO/COO	50%
Paterson Grade E	25%
Paterson Grade D Upper and below	17%

Element	Description		
Weightings for CEO, CFO and COO	Personal performance: 20%	Business (Group) performance: 80%	
Weightings for other group executives	Personal performance: 50%	Business (Group) performance: 50%	
Weightings for divisional executives	Personal performance: 50%	Business (Group) performance: 15%	Business (Divisional) performance: 35%
Performance targets and related scores	Personal performance • 'Meets expectations': 100% vests • 'Exceeds expectations': 150% vests • Below 'Meets expectations': 0% vests	Business (Group) performance Average of budgeted adjusted headline earnings and adjusted headline earnings per share: • On-target (budget): 100% vests • Threshold (97% of budget): 50% vests • Stretch (111.5% of budget): 150% vests • Below threshold: 0% vests *Linear vesting applies between target levels.*	Business (Divisional) performance Budgeted operating profit[1]: • On-target (budget): 100% vests • Threshold (97% of budget): 50% vests • Stretch (between 104.5% and 111.5% of budget depending on division): 150% vests • Below threshold: 0% vests *Linear vesting applies between target levels.*
Business (Group) performance condition (details around the target-setting process are set out below)	Adjusted headline earnings is calculated as headline earnings (as reported in accordance with JSE Listings Requirements) • excluding: impact of all incentive schemes • excluding: marketing fund surpluses/deficits • excluding: foreign exchange gains/losses • excluding: profit contribution of any acquisition as well as costs associated with any acquisition • excluding: profit relating to any business disposals as well as any costs associated with any such disposal • including: any impairment (and impairment reversals) not already included in headline earnings • and any adjustment, at the discretion of the committee, required to avoid an unjustified windfall for the participants. Adjusted headline earnings per share is calculated as: • adjusted headline earnings (per above) • divided by the weighted average number of shares in issue used for the determination of headline earnings per share • adjusted to exclude the impact of any incentive schemes.		

Element	Description		
Personal performance conditions – key elements of personal scorecards	**CEO**	**CFO**	**COO**
	Corporate strategy and financial performance (40%)		Turnover and profit (40%)
	Network development and franchisee relationships (20%)	Financial governance and reporting (15%)	Restaurant growth and development including new formats and channels (20%)
	Transformation[2] (10%)	Transformation[2] (5%)	Transformation[2] (5%)
	Employee experience (10%)	Organisational governance and risk management (15%)	Ensuring best-in-class dining experience (10%)
	Supply chain (15%)	Stakeholder relationships (10%)	Product development and innovation (5%)
		Information technology and legal (5%)	Franchisee profitability and operational excellence (10%)
	Leadership behaviours (5%)	Leadership behaviours (10%)	Leadership behaviours (10%)
Gatekeeper amount	The aggregate value of all thirteenth cheques and STI payments (including the value of any bonus matching FSP awards) may not exceed 15% of earnings before interest, tax, marketing funds' surpluses/deficits and the cost of all incentive schemes.		
Free cash flow condition	The payment of any STI is subject to a liquidity and solvency test as contemplated by section 4 of the Companies Act.		
Malus and clawback	Unpaid STI can be cancelled and paid STI can be recovered should a trigger event arise; clawback will apply for a period of 3 years.		

[1] *Operating profit of the division (before the cost of incentive schemes).*
[2] *Includes environmental and social performance metrics.*

Target-setting process for 2023 STI

Due to the commercially sensitive nature of disclosing budgets and to avoid disclosing forecasts, an overview of the target-setting process and the rationale followed when calibrating targets are provided.

The group had historically set financial performance targets with reference to growth in profits on prior year relative to CPI. COVID-19 has had a significant impact on the financial performance of the group for the 2020, 2021 and 2022 financial years. While the direct impact on the 2022 financial year has been less negative than the 2020 and 2021 financial years, due to less severe trading restrictions in place, the indirect impact on the broader economy continues to impact on consumers and therefore the company's performance. In addition, the 2022 financial year was negatively impacted by the civil unrest in KwaZulu-Natal and Gauteng early in the financial year. The 2022 financial year therefore did not represent a typical 'business as usual' scenario from which to set budgets for the 2023 financial year. Nevertheless, the second half of the 2022 financial year represented a reasonable 'return to normal' position and so this was used largely as a base for setting budgets for the 2023 financial year. A reasonable attempt was made to compensate for a continued post-COVID-19 recovery and the impact of the civil unrest.

The business planning cycle for the 2023 financial year was the second iteration of the new process implemented by the executive leadership team. The process was adjusted and enhanced following key learnings after concluding the 2022 financial year business planning cycle. The group's divisional and overall budgets are supported by a comprehensive strategy, detailed business plans and objective, detailed scorecards for each business unit head with key deliverables and performance metrics aligned with the business plans. The process continued to involve robust engagement between the executive leadership team and the business units, and vigorous interrogation, before the strategy, plans and budgeted were presented and approved by the board.

As a reasonability check, on-target growth in profit was benchmarked against expected CPI and growth in GDP for the 2023 financial year, as sourced from reputable financial institutions, plus 200 basis points.

As a further reasonability check, the board considered the on-target performance metrics for the 2023 financial year relative to the actual financial performance for the 2019 financial year (as the last full pre-COVID-19 'normal' year of trading). On this basis, the board has concluded that the on-target performance conditions are realistically achievable with reasonable efforts, while incorporating an element of stretch from the perspective of increasing revenue and reducing costs. The board has therefore supported the targets* for the 2023 financial year's STI.

In setting the threshold targets, a 300 basis point margin below on-target is in line with market practice and has been adopted for the 2023 financial year's STI. In setting stretch targets, the market practice is to apply a 300 basis point margin above on-target, subject to a funding limitation whereby no more than 30% of the incremental profit above on-target should be available to fund incremental stretch bonuses. This logic has been applied in setting the stretch targets above. The stretch targets generally exceed the 300 basis point margin as a greater incremental profit above on-target is required to fund the stretch STI payments per the stated pay mix.

Personal performance is measured with reference to the aforementioned bespoke detailed balanced scorecards per participant which are each specifically aligned to the board-approved group strategy and business plan and the committee therefore considers the use of personal performance as a vital component of the STI to ensure strategy alignment and execution. The key elements of each of the executive directors' scorecards are listed in the table above. For the 2023 financial year, specific environmental and social performance metrics have been included in the broader *Transformation* key performance area for each executive.

2.2 Thirteenth cheques

Thirteenth cheques are determined based on the financial performance of the group and each individuals' annual personal performance results. Depending on the financial performance of the group, a full or partial thirteenth cheque is declared.

A thirteenth cheque bonus pool calculated as the aggregate of one month's TGP for all participating employees is available to fund the thirteenth cheque payments and allocated to each business unit. While a default position of one month's TGP is allocated to each participant, this may be adjusted upwards or downwards depending on individual performance during the year under review, provided that the total bonus pool allocated to each business unit is not exceeded.

Thirteenth cheques are proposed by the relevant line managers, based on individual performance, reviewed and recommended by the CFO and COO, and reviewed and approved by the CEO.

* *Targets include:*
- *Threshold = minimum level of performance*
- *On-target = good performance*
- *Stretch = truly exceptional performance*

3. LTI:

At the AGM of 23 December 2020, the SAR 2020 and RSP 2020 (collectively the 2020 LTIs) were approved by shareholders. The 2020 LTIs contemplate three instruments, namely share appreciation rights (SARs), conditional shares and forfeitable shares. The instruments can be awarded in various ways, namely as appreciation awards, performance awards, retention awards or bonus awards (matching or deferral).

The table below summarises the LTI instruments available to the company, as per the 2020 LTIs:

Plan	Restricted Share Plan (RSP 2020)			Share Appreciation Right Plan (SAR 2020)
Award type	Performance awards	Retention awards	Bonus award: deferral	Appreciation awards
Instrument and application	Conditional rights to shares will be used. Shares are delivered on the vesting date, based on the satisfaction of prospective performance conditions.	Forfeitable shares – these are full-value shares settled on award with voting and dividend rights.		SARs – rights over the appreciation in the share price are awarded. Rights vest and can be exercised after a predetermined vesting period and may be subject to performance vesting conditions.
Eligibility	Middle management and above	Middle management and above, but executive management to be excluded from retention awards	Middle management and above	Middle management and above
Quantum and mix between instruments	A combination of business performance-based awards (either SARs or performance awards or a combination of both) and bonus awards are likely to be issued in most cases. Retention awards are likely to be awarded only in specific cases to retain key individuals or skills (other than executive management).			
Vesting period	3 years	3 years	3 years	3 years with a 2-year exercise period
Performance period	3 years	Not applicable	1 year (as entry requirement)	3 years
Performance conditions	All awards will be subject to performance conditions; a combination of appropriate performance conditions aligned with our strategy will be used. For participants other than executive management, the performance conditions may include a measure of personal performance. For executive management, a minimum personal performance measurement may be required to qualify for vesting.	None.	Performance will be used as an entry mechanism via the outcome of the annual STI and no prospective performance conditions will therefore apply.	The vesting of all SARs awarded to executive management will be subject to performance vesting conditions; for other participants, SARs may be made subject to performance conditions. For participants other than executive management, the performance conditions may include a measure of personal performance. For executive management, a minimum personal performance measurement may be required to qualify for vesting.
Performance vesting	For awards subject to performance conditions, vesting levels will be calibrated as follows: • Performance below threshold will result in 0% vesting. • Performance between threshold and stretch vesting will result in vesting outcomes ranging from 30% to 100%.			
Holding period	Vested shares could be made subject to a two-year holding period post vesting; during the holding period, participants will not be allowed to trade the shares but will not lose the shares should they leave employment.			Exercised SARs could be made subject to a two-year holding period post exercise; during the holding period, participants will not be allowed to trade the shares but will not lose the shares should they leave employment.
Malus and clawback	Unvested awards are subject to malus. Clawback applies for a three-year period post vesting and participants will be required to repay the pre-tax cash value of the shares should clawback be triggered.			Unexercised SARs are subject to malus while clawback will apply for a three year period following exercise. If a trigger event is imposed during the holding period, such shares will be forfeited. If a trigger event arises after the end of the holding period, clawback will still be applied, and participants will be required to repay the pre-tax cash value of the shares should clawback be triggered.
LTIs dilution limit	An aggregate limit of 5% of the issued share capital will be used for the existing LTIs (namely the 2016 LTIs) and the 2020 LTIs (SAR 2020 and RSP 2020).			
Individual limit	No participant may acquire more than 0.5% of the issued share capital under the 2020 LTIs.			

3.1 LTIs to be implemented for the 2023 financial year

It is not the intention to use all instruments for all eligible employees and our policy for the 2023 financial year is, consistent with the 2022 financial year, to use a combination of SARs and bonus awards, as explained below.

The combined value of LTI awards per participant, assuming on-target conditions, has been set at a value equivalent to that participant's on-target STI.

The value of bonus matching forfeitable shares (BM FSPs) to be awarded is determined as a percentage, based on the participant's role grade, of the STI payable which, for each participant (regardless of role grade), equates to approximately one month's TGP assuming on-target conditions. The remaining value of allocated LTIs is awarded as SARs.

The second award of SARs issued in terms of the SAR 2020 scheme is anticipated to be granted in November 2022. The second award of BM FSPs to be issued in terms of the RSP 2020 scheme will be settled during the 2024 financial year, following the finalisation of the financial results for the 2023 financial year, but will be determined with reference to the STI relating to the 2023 financial year.

Details of the policy that applies for the 2023 financial year are included in the table below:

Element	SARs	Bonus awards (BM FSPs)
Award value	Annual TGP x participation percentage	STI x participation percentage
Participation percentages	The following on-target percentages apply: <table><tr><th></th><th>As a % of TGP</th></tr><tr><td>CEO</td><td>66.7</td></tr><tr><td>CFO/COO</td><td>41.7</td></tr><tr><td>Paterson Grade E</td><td>16.7</td></tr><tr><td>Paterson Grade D Upper and below</td><td>8.3</td></tr></table>	The following on-target percentages apply: <table><tr><th></th><th>As a % of the F2023 STI</th><th>Which equates to a % of TGP</th></tr><tr><td>CEO</td><td>11.1</td><td>8.3</td></tr><tr><td>CFO/COO</td><td>16.7</td><td>8.3</td></tr><tr><td>Paterson Grade E</td><td>33.3</td><td>8.3</td></tr><tr><td>Paterson Grade D Upper and below</td><td>50.0</td><td>8.3</td></tr></table>
Vesting date	3 years from Award date	3 years from date on which shares are allocated[1]

Element	SARs	Bonus awards (BM FSPs)
Exercise period	2 years from Vesting date	n/a
Award price	10 day volume-weighted average price at grant date	n/a
Service condition	Remain employed for duration of vesting period	
Holding period	CEO, CFO and COO: 2 years from date of exercise Other participants: None	n/a
Malus and clawback	Malus and clawback apply as per policy	Malus and clawback apply as per policy
Vesting formula	No. of SARs x [(group business performance weighting x group business performance score) + (personal performance weighting x personal performance score)]	No. of bonus awards
Performance period	1 July 2022 to 30 June 2025 (relative to base year of 1 July 2021 to 30 June 2022)	1 July 2022 to 30 June 2023 (based on STI performance outcomes)
Weightings for CEO, CFO and COO	Personal performance: 0% (although a minimum average personal performance rating of 'meets expectations' must be achieved for the vesting period) / Group business performance: 100%	n/a
Weightings for other Participants	Personal performance: 50% / Group business performance: 50%	n/a

[1] *The BM FSPs are allocated only once the F2023 STI is finalised, which is anticipated to be in September 2023.*

Element	SARs		Bonus awards (BM FSPs)
Performance targets and related scores (further details on the target-setting process are detailed below)	**Personal performance** • 'Meets expectations': 67% vests • 'Exceeds expectations': 100% vests • Below 'Meets expectations': 0% vests	**Group business performance** Average of adjusted headline earnings and adjusted headline earnings per share[4]: • On-target = growth[3] on F2022 of GDP[1]+CPI[2]+2%: 67% vests • Threshold = growth[3] on F2022 of GDP[1]+CPI[2]+0.5%: 30% vests • Stretch = growth[3] on F2022 of GDP[1]+CPI[2]+3.5%: 100% vests • Below threshold: 0% vests *Linear vesting applies between target levels.*	n/a

[1] Annual percentage growth in South Africa's real Gross Domestic Product (as published by StatsSA) for each of the financial years forming part of the Performance period relative to the immediately preceding financial year in each case.
[2] The South African Headline Consumer Price Index annual inflation rate (as published by StatsSA) as at the end of each of the financial years forming part of the Performance period relative to the end of the immediately preceding financial year in each case.
[3] Nominal annual compounded annually (NACA).
[4] As defined on page 15.

Target-setting process and further rationale for 2023 LTI awards

The primary instrument used for the LTIs is a SAR. A SAR's value is inherent to the increase of the company's share price appreciation over the Performance period and the increase in value is directly aligned with the value realised by shareholders over the same period. The share price incorporates market (and shareholder) sentiment and is underpinned by the group's profitability. Should the group fail to perform in line with shareholder expectations or take decisions and/or allocate capital which fails to meet with shareholder return expectations, this will impact on the share price and therefore directly on the value of the SARs that vest.

The inclusion of group business performance vesting criteria is accordingly introduced largely to avoid a gratuitous or unjustified windfall gain for participants, as opposed to being a key determinant of the value of the awards that ultimately vest. In this regard, the committee has determined that growing profits marginally ahead of nominal growth in the economy is a reasonable threshold target and that growth in profits at 3.5% above the nominal growth in the economy is a reasonable target to allow for maximum vesting. The committee has determined that a measure of return on equity or return on assets is also not required as a performance measure, as capital structure and capital allocations (shareholder sentiment on both historic and future capital allocations) have a material impact on the value of the SAR already.

4. Termination benefits and executive directors' service contracts

No employment agreements provide for any termination benefits, other than those required by law. Termination benefits are not paid, except in circumstances where it is in the company's interests to do so. The company does not pay sign-on or attraction awards. The termination provisions of the STI and LTIs are aligned with best practice and the requirements of King IV™ and are summarised below:

	STI	LTIs
Fault terminations (resignation, dismissal)	Unpaid STIs are forfeited	Unvested LTIs are forfeited
No fault terminations (retirement, voluntary retirement, redundancy, death, disability, sale of a company)	Unpaid STIs are forfeited, but the committee has the discretion to deviate from the application of the conditions subject to compelling reasons existing for such a deviation and subject to the reasons being documented; in the event that discretion is exercised, the STI will be prorated based on the number of months that the employee has been in employment relative to the number of months in the bonus period	Awards are prorated for time and performance
Change of control	Unpaid STIs are forfeited, but the committee has discretion provided that full accelerated vesting of the STI will not occur	No automatic vesting occurs, and awards are prorated for time and performance

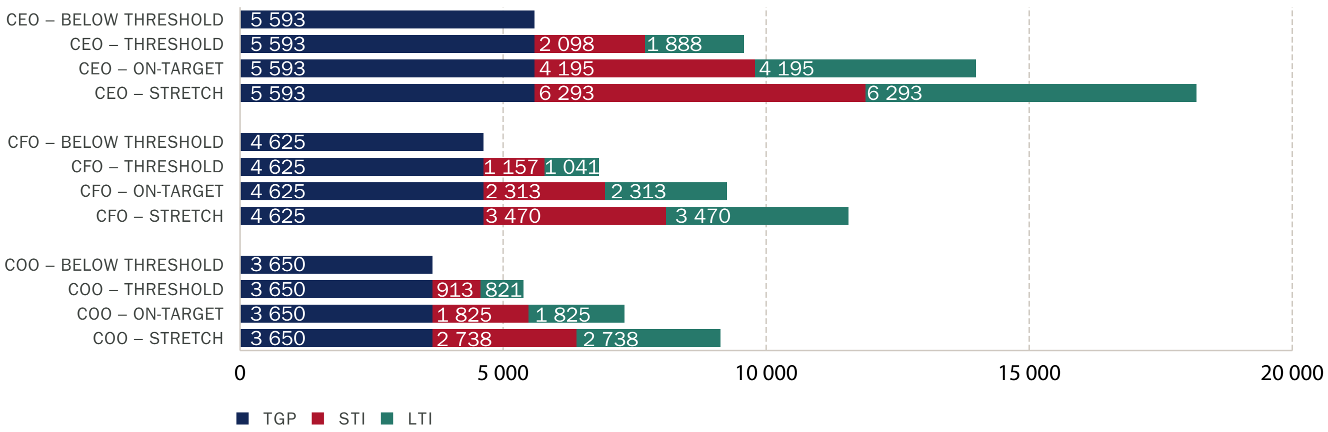
Executive directors have varying notice periods in terms of their employment contracts, ranging between a one-month to a six-month period. Val Nichas has a six-month notice period, Cristina Teixeira a three-month notice period and Kevin Robertson a one-month notice period.

The executive directors are restrained, by agreement, from any involvement in businesses associated with competing brands for the duration of their employment and for a period of two years following their termination of employment.

5. Pay-for-performance illustration on executive remuneration

The hypothetical pay outcomes at various performance scenarios, on the remuneration of the CEO, CFO and COO are as follows:

PAY OUTCOMES (R'000)



FAIR AND RESPONSIBLE REMUNERATION OF EXECUTIVES RELATIVE TO OVERALL EMPLOYEE REMUNERATION

The policy requires that a benchmarking analysis of all employees is to be conducted every two to three years. The process of assessing and profiling all roles, and formally grading each role, which was commenced during the prior year, was concluded during the 2022 financial year. This enabled the company to compare the remuneration of each role against market remuneration survey benchmarks. Exceptions have been identified. The increases granted for the 2023 financial year (effective from 1 July 2022) as noted in part 1 of this report was a first step to addressing the exceptions identified. As remedying all the exceptions identified carries a significant cost, the company plans to implement the remedial action required over a number of salary review cycles.

The company's Gini Coefficient and distribution curve of TGP are detailed in part 3 of this report and provide an indication of perceived earnings inequality within the group.

MALUS AND CLAWBACK

In line with market practice, the board and committee has adopted a Malus and Clawback Policy which prescribes that all variable pay (effective from 1 July 2021) is subject to malus and clawback should a trigger event occur. The trigger events include, but are not limited to:

- Material misstatement of financial statements
  - An adverse material misstatement of the financial results resulting in an adjustment to the audited consolidated accounts of the company;
- Actions, omissions and conduct of participants
  - Actions, events or conduct (including omissions) which, in the reasonable opinion of the board, amount to grounds for termination of employment for (gross) misconduct or negligence, dishonesty or fraud, including breaches in governance practices, laws, and regulations and fiduciary duties. This includes conduct that led to, or is likely to lead to, significant reputational or financial harm to the company, censure of the company by a regulatory authority, material failure to oversee or supervise other employees, or breach of any material obligations owed to the company, including the company's code of conduct, ethics, or risk policies;
- Assessment of performance and calculation of incentive remuneration
  - The discovery that the assessment of any performance metric or criteria in respect of the determination of any variable pay or the vesting thereof was based on error, or inaccurate or misleading information; and/or
  - The discovery that any information used in the decision to grant any variable pay or determine the quantum thereof was erroneous, inaccurate or misleading or any information emerges that was not considered at the time any variable pay award was made which, in the discretion of the board (acting reasonably), would have resulted in an inappropriate benefit or would have materially affected the decision to allocate, make or grant the variable pay, whether at all or at the level at which such variable pay was made.

Malus and clawback will be applied in the following manner should a trigger event arise:

- Malus (pre-payment/pre-vesting)
  - Unpaid STI and unvested or unexercised LTIs will be subject to malus provisions. This means the incentives may be reduced or forfeited if a trigger event arises.
- Clawback (post-payment/post-vesting)
  - Variable pay will be subjected to clawback if a trigger event arises. This means the pre-tax value of the annual incentive received will be repaid and LTIs which are subjected to the holding period will be forfeited. If LTIs are not subjected to a holding period (or where the holding period has expired), the pre-tax value of the LTI on vesting will be repaid.

BASIS FOR SETTING FEES OF NON-EXECUTIVE DIRECTORS

The board determines fees to non-executive directors for membership on the board and board committees. The board is of the opinion that such fees are market related and commensurate with the time and effort required by the directors to undertake their duties. Fees are compared to the data contained in the *Non-executive directors: Practices and fees trends report* issued by PwC from time to time. At the AGM on 10 December 2021, shareholders approved the remuneration of directors for services as directors with effect from 1 July 2021. At the forthcoming AGM on 9 December 2022, shareholders will be asked to approve directors' fees effective from 1 July 2022:

	Proposed fee per annum 2023	Fee per annum 2022
Chairman of the board (inclusive of all committee memberships and scheduled meeting attendances)	**R1 280 000**	R1 200 000
Member of board	**R480 000**	R450 000
Chair/member of audit committee	**R89 500/R44 700**	R84 000/R42 000
Chair/member of nominations and remuneration committee	**R 89 500/R44 700**	R84 000/R42 000
Chair/member of social, ethics and environmental sustainability committee	**R 89 500/R44 700**	R84 000/R42 000
Chair/member of risk committee	**R 89 500/R44 700**	R84 000/R42 000

The above fees comprise an annual retainer of 25% of the fees listed, with the remaining 75% being attendance fees per annum.

In addition to the above proposed fees for scheduled ordinary meetings, it is proposed that directors be paid a fee of R3 700* per hour (2022: R3 500 per hour) or part thereof for any special assignments or any meetings outside of the scheduled ordinary meetings (unless such a meeting exceeds three hours in duration, in which case a fee of R26 500* per meeting (2022: R25 000) is proposed). During the 2022 financial year, there were a mixture of five special committee meetings and *ad hoc* meetings that were attended by various directors resulting in additional fees totalling R165 000* for all non-executive directors in aggregate for the year.

In proposing the fees for the financial year ending 30 June 2023, the board has considered market information relating to JSE small and medium cap companies in the consumer services sector, as detailed in the *Non-executive directors: Practices and fees trends report* issued by PwC in January 2022. Fees proposed are approximately at the upper quartile for small caps and lower quartile for medium caps.

The board is of the opinion that the proposed fees take into account the qualifications, experience and opportunity cost of the targeted profile of non-executive directors for the company, and are appropriate to retain existing, and attract potential new, non-executive directors.

No non-executive directors participate in any incentive schemes and their remuneration is not linked to the performance of the group or its share performance. Details of fees paid to non-executives are included in note 42 of the consolidated financial statements for the year ended 30 June 2022 available online at www.spurcorporation.com/investors/results-centre.

* *Amounts stated exclusive of VAT, where applicable.*

PART 3:
IMPLEMENTATION OF REMUNERATION POLICY

EXECUTIVE REMUNERATION

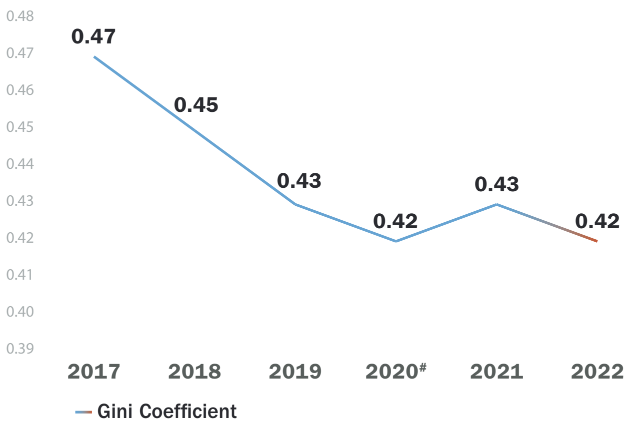
Annual increase in CTC

As previously reported, as part of the group's austerity measures in response to the negative impact of the COVID-19 pandemic on our business, no increases in guaranteed remuneration were granted for any employees for the 2021 financial year except where individuals were promoted and an increase in CTC was required to align to a revised job grading.

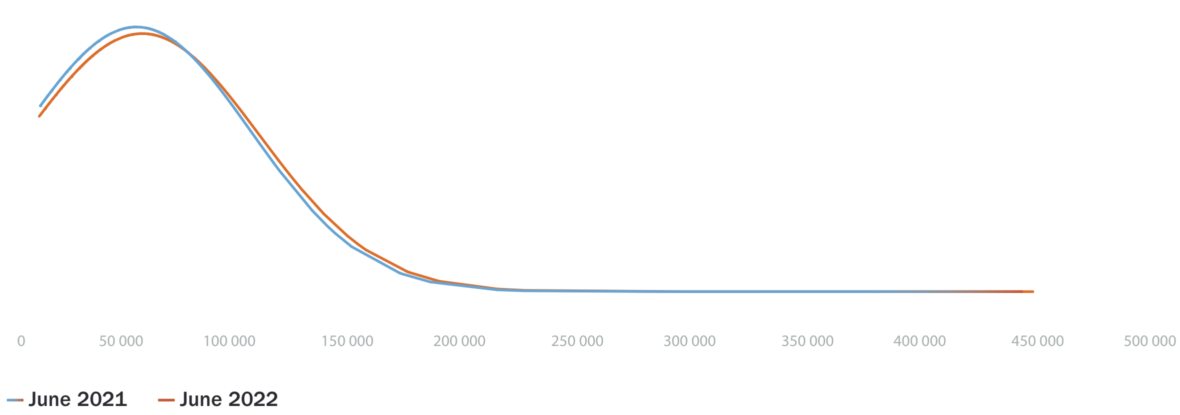
While the group experienced a marked recovery in financial performance in the second half of the 2021 financial year, at the time that salary reviews for the 2022 financial year were contemplated, significant uncertainty still remained regarding the continuing impact of COVID-19. Consequently, the group adopted a conservative approach to annual increases effective from 1 July 2021. Executive directors and the executive committee were granted a 2% increase (prorated for a portion of the year where the employee was appointed during the 2021 financial year) in guaranteed remuneration, with effect from 1 July 2021. At the same time, 26% of employees received a 2% increase in guaranteed remuneration and 55% of employees receiving a 4% increase. Where employees were identified as being paid below the market median for remuneration levels, higher increases in guaranteed remuneration were applied in an attempt to realign identified gaps to median: 19% of employees (49 employees) thus received increases in excess of 6%. The COO received a 16.5% increase with his promotion in October 2021.

The effective 1% increase in the CEO and CFO's remuneration for the year (being 2% prorated for half the year employed during the 2021 financial year) was lower than the average increase granted to other employees, which has contributed to the decrease in the Gini Coefficient of the company's workforce from 0.43 in the prior year to 0.42 in 2022, as well as the slightly flatter distribution curve in 2022 relative to the prior year as illustrated in the graphics below. This indicates a lower level of income inequality within the group's corporate workforce relative to the prior year.

GINI COEFFICIENT*



DISTRIBUTION OF COMPANY WORKFORCE MONTHLY TGP*



* Corporate employees (excluding company owned restaurants).
\# For 2020, May 2020 remuneration was used due to the temporary 20% reduction in guaranteed remuneration implemented in June 2020 as part of the group's austerity measures in response to COVID-19.

Total single figure of remuneration

R'000	TGP[1]	Performance bonus[2]	Other	Total cash or equivalents received[3]	Current year STI[4]	LTI awards – BM FSP[5]	Total remuneration[6]
2022							
Executive directors							
Val Nichas	5 200	1 500	4[7]	**6 704**	4 200	630	**11 534**
Cristina Teixeira	4 300	750	1[7]	**5 051**	2 100	525	**7 676**
Kevin Robertson	3 427	571	286[8]	**4 284**	1 599	400	**6 283**
Sacha du Plessis[9]	853	213	195[10]	**1 261**	–	–	**1 261**
2021							
Executive directors							
Val Nichas[11]	2 600	–	–	**2 600**	–	–	**2 600**
Cristina Teixeira[12]	1 792	–	–	**1 792**	–	–	**1 792**
Kevin Robertson[13]	2 480	130	–	**2 610**	–	–	**2 610**
Sacha du Plessis[13]	1 895	105	–	**2 000**	–	–	**2 000**
Pierre van Tonder[14]	2 784	220	8 579[15]	**11 583**	–	–	**11 583**
Mark Farrelly[16]	1 466	–	355[17]	**1 821**	–	–	**1 821**
Phillip Matthee[18]	1 736	135	50[19]	**1 921**	–	–	**1 921**
Graeme Kiewitz[13, 20]	577	81	87[21]	**745**	–	–	**745**
Prescribed officer							
Kevin Robertson[22]	577	–	–	**577**	–	–	**577**

1 *Total Guaranteed Pay (TGP) remuneration includes any company/employee contributions to the provident fund and medical aid, as well as any travel allowance where applicable. Any change to provident fund and medical aid contributions will result in a corresponding opposite change to cash remuneration such that the TGP remains unchanged. In response to the impact of COVID-19 on the group's cash reserves, the group reduced its workweek to four days and reduced salaries of all employees (including executive directors) commensurately by 20% from 1 June 2020 until 30 September 2020.*

2 *A performance bonus payment of approximately 50% of the directors' on-target short-term incentive bonus was approved and paid in December 2021 in respect of the 2021 financial year in light of the fact that all incentive schemes were suspended during the COVID-19 period as part of the group's austerity measures. Other employees were typically paid a performance bonus of approximately one month's salary. In the prior year, an ex gratia bonus payment of 50% of monthly cost to company was paid to all employees (including executive directors) in December 2020, in recognition of the efforts of all employees to trade through the COVID-19 lockdown.*

3 *Represents the total value of cash or cash equivalents received during the year.*

4 *Short-term incentive (STI) calculated with reference to the performance of the financial year, settled in cash in the subsequent financial year. In addition to the cash payment, a number of Bonus Matching Forfeitable Share Plan (BM FSP) shares, calculated with reference to the STI payment, are issued to the directors at the same time as the STI payment, and are subject to the terms of the group's Restricted Share Plan 2020 (RSP) scheme rules.*

5 *BM FSP shares awarded subsequent to the year end relating to performance conditions applicable to the financial year. The exact number of BM FSP shares allocated are determined (subsequent to the year end) upon finalisation of the STI for the year in question as the value of the BM FSP shares allocated are determined with reference to the STI payment for that year. The value of the BM FSPs disclosed is valued at intrinsic value as at the date that the shares are allocated. The awards are subject to a three-year service condition and the terms of the RSP scheme rules.*

6 *Single figure remuneration in respect of current financial year.*

7 *Comprises petrol allowance.*

8 *Comprises long service award.*

9 *Resigned with effect from 15 September 2021.*

10 *Comprises R187 000 leave balance on termination of employment settled in cash, and petrol allowance of R8 000.*

11 *Appointed with effect from 1 January 2021.*

12 *Appointed with effect from 1 February 2021.*

13 *Appointed with effect from 15 October 2020 (remuneration includes full month of October 2020).*

14 *Retired with effect from 31 December 2020.*

15 *Comprises leave pay encashed[23] of R77 000 and a retirement benefit of R8.502 million which represents the present value on the date of retirement of the gross value of payments of R9.3 million, which was settled in cash in the 2022 financial year (net of a loan receivable from Mr Van Tonder of R2.2 million).*

16 *Resigned with effect from 31 August 2020.*

17 *Comprises R179 000 in leave pay encashed[23] and R176 000 in leave pay on termination of employment.*

18 *Resigned with effect from 31 January 2021.*

19 *Leave pay encashed[23].*

20 *Resigned with effect from 18 January 2021 (deceased).*

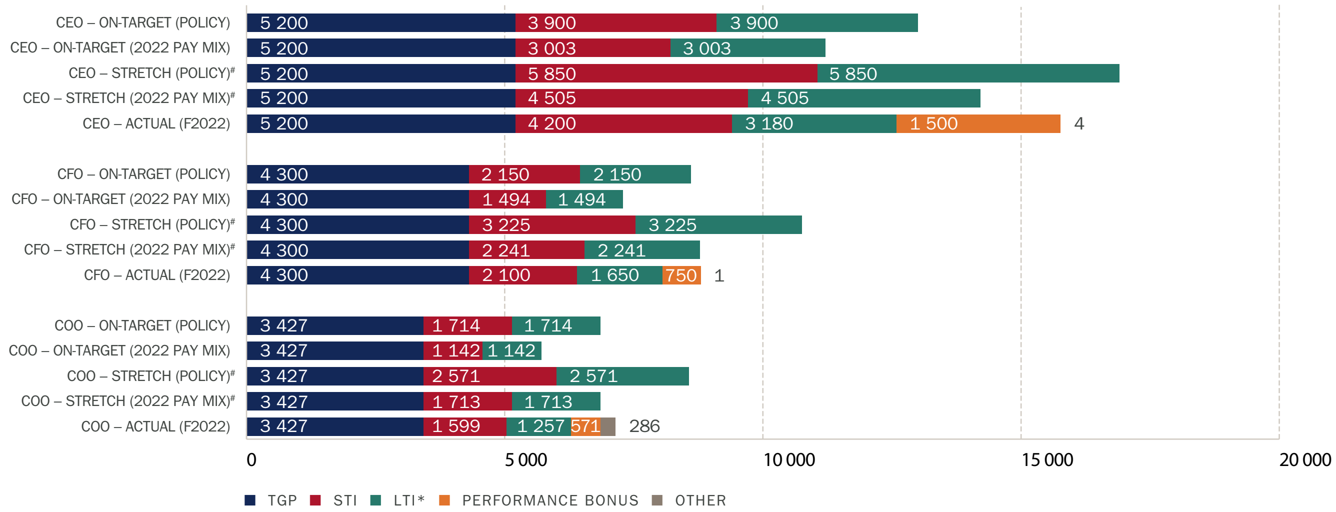
21 *Leave pay on termination of employment.*

22 *Prior to being appointed an executive director (refer footnote 13).*

23 *The group's HR policies do not typically permit employees to encash leave. However, following the 20% reduction in salaries for the period 1 June 2020 to 30 September 2020 as part of the group's COVID-19 austerity measures, employees (including executive directors) were permitted to sell up to four days of leave per month (for this period) back to the company in exchange for cash.*

The composition of total remuneration for the 2022 financial year is graphically illustrated as follows:

ACTUAL RELATIVE TO ON-TARGET AND STRETCH PAY OUTCOMES PER POLICY AND F2022 PAY MIX (R'000)



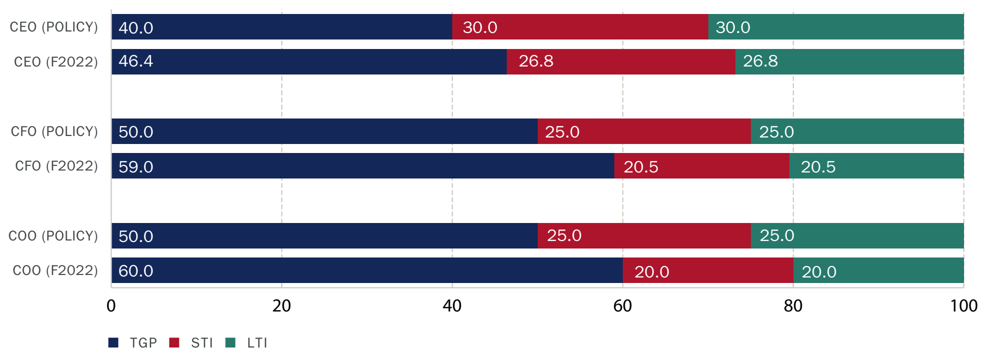
* LTI comprises:

- intrinsic value of BM FSPs in respect of the 2022 financial year, allocated in September 2022 and determined with reference to the STI payment for the 2022 financial year, and
- the intrinsic value of the SARs awarded in the 2022 financial year, assuming on-target performance conditions are achieved over the vesting period.

\# Stretch pay mix assumes both personal and business (group) performance stretch targets achieved.

As reported last year, the allocation of on-target STI and LTI awards for the 2022 financial year differs slightly to the pay mix per the remuneration policy owing to affordability concerns and the significant uncertainty regarding the post-COVID-19 recovery at the time. This is illustrated in the graphic below:

ON-TARGET PAY MIX (%)



Details of the STI relating to the 2022 financial year and performance bonus payments made in the 2022 financial year as well as any LTI awards granted that have not yet vested are detailed in the tables below. No LTI awards were vested with the directors during the year.

For further details on directors' remuneration, refer note 42 of the consolidated financial statements for the year ended 30 June 2022 available online at www.spurcorporation.com/investors/results-centre.

Termination benefits to executive directors

During the prior year, the group concluded a mutual separation agreement (MSA) with former CEO, Pierre van Tonder, in terms of which Mr Van Tonder retired as the CEO and executive director of the company with effect from 31 December 2020 after 38 years of service of which 24 were as CEO. Mr Van Tonder's employment agreement provided for a six-month notice period and 24-month restraint of trade. Mr Van Tonder tragically passed away on 9 May 2021. The group paid his salary of R516 615 (TGP) per month for the notice period months up to his date of death (January 2021 to 9 May 2021) amounting in aggregate to R2.186 million, as well as his leave pay up to date of death of R822 609, which are not included in the single figure remuneration table above as these accrued subsequent to Mr Van Tonder's retirement as director.

A lump sum of R9.3 million (the equivalent of 18 months' TGP) (refer footnote 15 of the total single figure remuneration table above) was to be payable to Mr Van Tonder from 31 July 2021 in 18 equal monthly instalments in accordance with the MSA. Mr Van Tonder had a loan payable to the group (refer note 16.6 of the consolidated financial statements for the year ended 30 June 2022 for further details), the outstanding balance of which was to be deducted from the aforementioned lump sum payable. On the advice of counsel, and following negotiations with the executor of Mr Van Tonder's estate, the company has honoured the MSA and the net amount of R7.3 million was paid to Mr Van Tonder's estate in March 2022.

Mr Van Tonder's estate has retained the FSP shares and SARs allocated to Mr Van Tonder in accordance with the MSA.

STI

Performance bonus payment in 2022

As the STI and thirteenth cheque bonus schemes were suspended for the 2021 financial year, and following the continuing improvement in trading performance in the first half of the 2022 financial year, the committee approved a performance bonus pool to fund performance bonus payments relating to the second half of the 2021 financial year, which were settled in cash in December 2021. Employees' eligibility and individual awards were determined based on an assessment of personal performance. Executive directors were accordingly paid an amount equivalent to 50% of their on-target STI for the 2022 financial year. Other employees were typically paid a performance bonus of approximately one month's salary.

STI 2022 bonuses

Bonus formula = Annual TGP x on-target percentage x [(business performance weighting x business performance score) + (personal performance weighting x personal performance factor)]

The table below specifies the inputs into the bonus formula for the 2022 financial year:

Director	Annual TGP R'000	On-target STI percentage of annual TGP %[1]	On-targe STI R'000	Business performance weighting %	Personal performance weighting %	Actual business performance score %	Actual personal performance factor %	Actual business performance STI R'000	Actual personal performance STI R'000	Total actual STI R'000
Val Nichas	5 200	57.7	**3 000**	80.0	20.0	150.0	100.0	3 600	600	**4 200**
Cristina Teixeira	4 300	34.9	**1 500**	80.0	20.0	150.0	100.0	1 800	300	**2 100**
Kevin Robertson	3 427	33.3	**1 142**	80.0	20.0	150.0	100.0	1 371	228	**1 599**

[1] *As per pay mix for the 2022 financial year approved by the remuneration committee.*

The tables below detail the threshold, on-target and stretch target outcomes approved by the committee for the 2022 financial year as well as the actual outcomes achieved and how these translate into the STI bonus payments for the 2022 financial year. The STI bonuses were settled in cash in September 2022.

	Threshold		On-target		Stretch		Actual	
Business performance condition	**Metric (97.5% of budget)**	**Business performance score %**	**Metric (budget)**	**Business performance score %**	**Metric (115% of budget)**	**Business performance score %**	**Metric**	**Business performance score %**
Adjusted headline earnings (R'000)[1]	118 430	50.0	121 415	100.0	139 616	150.0	**151 511[2]**	**150.0**
Adjusted headline earnings per share (cents per share)[1]	140.85	50.0	144.40	100.0	166.05	150.0	**180.38[3]**	**150.0**
Average business performance condition								**150.0**

[1] *Adjusted headline earnings and adjusted headline earnings per share are defined in part 2 on page 15.*
[2] *Equates to 124.8% of budget.*
[3] *Equates to 124.9% of budget.*

	Threshold		On-target		Stretch		Actual	
Personal performance condition	**Personal scorecard score[1]**	**Personal performance factor %**	**Personal scorecard score[1]**	**Personal performance factor %**	**Personal scorecard score[1]**	**Personal performance factor %**	**Personal scorecard score[1]**	**Personal performance factor %**
Val Nichas	Below 3 – Meets expectations	0.0	3 – Meets expectations	100.0	4 – Exceeds expectations	150.0	**3.4**	**100.0**
Cristina Teixeira							**3.3**	**100.0**
Kevin Robertson							**3.3**	**100.0**

[1] *The personal scorecard rating scale is between 1 – Unacceptable Performance and 5 – Outstanding Performance, where 3 – Meets Expectations is considered the minimum qualifying criteria for any vesting.*

Details of the directors' personal scorecards are listed in the tables below:

Personal scorecard measure	Weighting (%)	Delivery[1]
Val Nichas		
Corporate strategy and financial performance	40	3.4
Network development and franchisee relationships	20	3.2
Transformation	10	3.3
Employee experience	10	3.2
Supply chain	15	3.4
Leadership behaviours	5	3.6
Weighted average		**3.4**
Cristina Teixeira		
Corporate strategy and financial performance	40	3.3
Financial governance and reporting	15	3.4
Organisational governance	10	3.1
Risk management	5	3.1
Stakeholder relations	10	3.2
Information technology and legal	5	3.1
Transformation	5	3.0
Leadership behaviours	10	3.6
Weighted average		**3.3**
Kevin Robertson		
Turnover and profit	40	3.8
Restaurant growth and development	10	2.7
Ensuring best-in-class dining experiences	10	2.8
Product development and innovation	5	3.0
Growth in new formats and channels	10	2.6
Franchisee profitability and operational excellence	10	2.9
Transformation	5	2.8
Leadership behaviours	10	3.4
Weighted average		**3.3**

1 *The personal scorecard rating scale is between 1 – Unacceptable Performance and 5 – Outstanding Performance, where 3 – Meets Expectations is considered the minimum qualifying criteria for any vesting.*

For further information on scorecard performances, refer to page 34 of the main section of the integrated annual report.

The group's malus and clawback policy (as referenced in part 2 of this report) applies to the 2022 financial year STI.

LTI

As previously advised, no LTI awards were granted during the 2021 financial year as part of the group's COVID-19 austerity measures.

LTI awards during the year

The first tranche of LTI awards granted in terms of the LTI schemes approved at the 2020 AGM were granted during the 2022 financial year.

Two of three available instruments were utilised for the 2022 allocation: Share Appreciation Rights (SARs) issued in terms of the SAR 2020 and Bonus Matching Forfeitable Shares (BM FSPs) issued in terms of the RSP 2020.

The group's malus and clawback policy (as referenced in part 2 of this report) applies to the 2022 financial year LTI awards.

Bonus Matching Forfeitable Shares (BM FSP)

The value of BM FSPs allocated to each participant is determined as a percentage of the STI payment, such that the percentage of the on-target STI payment equates to approximately one month's TGP.

The calculation of the awards are detailed in the table below:

Director	Percentage of STI[1] %	Actual STI R'000	**Intrinsic value of BM FSP R'000**	No. of BM FSPs[2]
Val Nichas	15	4 200	**630**	28 065
Cristina Teixeira	25	2 100	**525**	23 387
Kevin Robertson	25	1 599	**400**	17 812

1 *Applied to Actual STI to determine value of BM FSPs.*
2 *The actual number of shares allocated is equal to the intrinsic value of the BM FSP award divided by the average actual cost of the shares acquired for the participants.*

Share Appreciation Rights (SARs)

The value of the SARs awarded to each participant is calculated with reference to the LTI proportion of the on-target pay mix as detailed above, reduced by the value of the on-target BM FSPs. The actual number of SARs allocated is calculated as the number of SARs required to be issued to equate to the on-target value of SARs assuming that the increase in the value of each right is congruent with the specified on-target group business performance target applicable to the award (i.e. GDP[1]+CPI[2]+1% for each year) over the vesting period. In this regard, expected growth in GDP and CPI is based on market information published by reputable sources from time to time.

The calculation of the awards is detailed in the table below:

Director	Annual TGP R'000	On-target LTI percentage of annual TGP[3] %	On-target BM FSP percentage of TGP[4] %	On-target SAR percentage of annual TGP[5] %	**Value of on-target SAR allocation R'000**	**No. of SARs awarded[6]**
Val Nichas	5 200	57.7	8.7	49.0	**2 550**	**521 229**
Cristina Teixeira	4 300	34.9	8.7	26.2	**1 125**	**229 954**
Kevin Robertson	3 427	33.3	8.3	25.0	**857**	**175 133**

1 Annual percentage growth in South Africa's real Gross Domestic Product (as published by StatsSA).
2 The South African Headline Consumer Price Index annual inflation rate (as published by StatsSA) as at the end of each of the financial years relative to the end of the immediately preceding financial year.
3 As per pay mix for the 2022 financial year approved by the remuneration committee.
4 Of the on-target LTI value, approximately one months TGP is allocated to the BM FSPs.
5 Total proportion of on-target LTI value as a percentage of Annual TGP as per pay mix for the 2022 financial year, less the portion of the on-target LTI allocated to BM FSPs.
6 The value of the on-target SAR allocation is converted to a fixed numbers of SARs based on the growth in the grant-date strike price by the on-target group business performance targets applicable to the award over the vesting period.

LTI awards not yet vested at reporting date

	Number of shares/ awards granted	Grant date strike price	Fair value at grant date (R) each	Fair value at grant date (R)	Grant date	Vesting date	Free to trade date	Fair value at reporting date (R) each	Fair value at reporting date (R)	Fair value at reporting date expected to vest (R)[1]
Val Nichas										
October 2021 equity-settled SAR	521 229	19.14	8.48	4 420 022	07/10/2021	07/10/2024	2 years post exercise[2]	7.72	4 023 888	3 852 076
October 2021 equity-settled BM FSP	28 065[3]	n/a	18.10	507 977	07/10/2021	16/08/2025	16/08/2025[3]	17.58	493 383	493 383
Cristina Teixeira										
October 2021 equity-settled SAR	229 954	19.14	8.48	1 950 010	07/10/2021	07/10/2024	2 years post exercise[2]	7.72	1 775 245	1 699 446
October 2021 equity-settled BM FSP	23 387[3]	n/a	18.10	423 305	07/10/2021	16/08/2025	16/08/2025[3]	17.58	411 143	411 143
Kevin Robertson[4]										
October 2021 equity-settled SAR	175 133	19.14	8.48	1 485 128	07/10/2021	07/10/2024	2 years post exercise[2]	7.72	1 352 027	1 294 298
October 2021 equity-settled BM FSP	17 812[3]	n/a	18.10	322 397	07/10/2021	16/08/2025	16/08/2025[3]	17.58	313 135	313 135
November 2019 equity-settled SAR	177 535	27.01	5.96	1 058 109	26/11/2019	25/11/2022	22/11/2024	0.45	79 891	–
November 2019 equity-settled FSP	5 000	n/a	18.29	91 450	26/11/2019	25/11/2022	22/11/2024	17.67	88 350	88 350
Pierre van Tonder[5]										
November 2019 equity-settled SAR	919 781	27.01	5.96	5 481 895	26/11/2019	25/11/2022	22/11/2024	0.45	413 901	–
Phillip Matthee[5]										
November 2019 equity-settled SAR	385 100	27.01	5.96	2 295 196	26/11/2019	25/11/2022	22/11/2024	0.45	173 295	–
Graeme Kiewitz[5]										
November 2019 equity-settled SAR	102 147	27.01	5.96	608 796	26/11/2019	25/11/2022	22/11/2024	0.45	45 966	–
November 2019 equity-settled FSP	5 000	n/a	18.29	91 450	26/11/2019	25/11/2022	22/11/2024	17.67	88 350	53 010

1 *Calculated based on weighted probability of non-market performance conditions being met, as at the reporting date, and adjusted for any partial forfeitures during the vesting period.*
2 *Participants will have a two-year period (starting from the vesting date) during which to exercise vested rights. Participants who are executive directors are required to hold the shares for a period of two years following the date that the SARs are exercised. Other participants are not subject to this restriction.*
3 *While the employee's entitlement to receive a variable number of BM FSP shares (based on personal performance, group financial performance and the prevailing share price) is established on the grant date, the actual number of BM FSP shares to be allocated to participants is only determinable after the STI payments for each participant for the relevant financial year are finalised. The vesting date is determined as three years from the date on which the final number of BM FSP shares is determined for each participant by the remuneration committee.*
4 *Appointed as director with effect from 15 October 2020; a prescribed officer prior to this date.*
5 *Past director.*

Performance hurdles in respect of LTI awards not yet vested:

Vesting criteria	November 2019 SARs	November 2019 FSPs	October 2022 SARs	October 2022 BM FSPs
Vesting formula	No. of SARs x return on equity factor x group business performance factor x personal performance factor	No. of FSPs	No. of SARs x [(group business performance weighting[2] x group business performance score) + (personal performance weighting[3] x personal performance factor)]	No. of BM FSPs
Service condition	Remain employed for duration of vesting period			
Return on equity	14.45% – 19.55%+: 0% to 100% vesting	n/a	n/a	n/a
Group business performance	**Growth in adjusted HEPS[1]** <CPI: 0% vesting CPI – CPI+2%: 33% to 50% vesting CPI+2% – CPI+6%: 50% to 100% vesting *Linear vesting applies between target levels.*	n/a	**Average of growth in adjusted headline earnings and adjusted HEPS[4]:** On-target (GDP+CPI+1%): 67% vests Threshold (GDP+CPI): 30% vests Stretch (GDP+CPI+2%: 100% vests Below threshold: 0% vests *Linear vesting applies between target levels.*	n/a[5]
Personal performance	**Personal scorecard percentage** < 75%: 0% vesting 75% – 85%: 50% to 80% vesting 85% – 90%+ : 80% to 100% vesting *Linear vesting applies between target levels.*	n/a	**Personal scorecard rating** *CEO, CFO and COO:* Minimum performance rating of '3 – Meets expectations' to be achieved over vesting period to be eligible for any vesting *Other participants:* <3 – Meets Expectation: 0% vesting 3 – Meets expectations: 67% vesting 4 – Exceeds expectations: 100% vesting 3.5 – Between 'meets expectations' and 'exceeds expectations': 83.5% vesting	n/a

[1] *Growth in adjusted HEPS (which excludes foreign exchange, profit/loss attributable to marketing funds and cost of incentive schemes, but includes all impairments and reversals of impairments) is calculated as a nominal annual compounded annually increase over the vesting period.*
[2] *100% for CEO, CFO and COO; 50% for all other participants.*
[3] *0% for CEO, CFO and COO; 50% for all other participants.*
[4] *Adjusted headline earnings and adjusted HEPS are defined in part 2 on page 15. Growth is calculated as a nominal annual compounded annually increase over the vesting period.*
[5] *The BM FSPs have no set prospective performance criteria. The allocation of BM FSPs is calculated with reference to the STI payments; performance is therefore used as an entry mechanism via the outcome of the STI.*

LTI awards vested during the year

The November 2018 tranche of SARs and FSPs vested during the 2022 financial year. None of the directors participated in the FSPs in question. The SARs in question were all forfeited as the prevailing share price on vesting date was below the strike price of the instruments.

STATEMENT OF COMPLIANCE

The committee is satisfied that the remuneration policy has been complied with in all material respects with the exception of:

- The policy provides that the group will target the market median for benchmarked remuneration levels. Following various job grading and market benchmarking exercises concluded during the prior and current years, certain discrepancies have been identified, in particular that some employees are being paid below the targeted benchmark while a small number are being paid above. Remedying this departure has cost implications for the group and the group has commenced addressing the above discrepancies as indicated in this report.