



The board of directors is committed to upholding good ethical standards and the application of corporate governance principles in accordance with the King IV Report on Corporate Governance™ for South Africa, 2016 (“King IV™”).

INTRODUCTION

Spear ascribes to the recommended practices of King IV™ in which the board of directors is committed to ensuring that the governance structure in the group cultivates good governance outcomes in relation to its ethical culture, performance, effective control and legitimacy. A high-level King IV™ principles disclosure and a full governance report outlining Spear’s governance framework is available on our website (www.spearprop.co.za).

NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

A separate remuneration policy and implementation report has been tabled on pages 36 to 48 which will be subject to a non-binding advisory vote by the shareholders at the forthcoming annual general meeting (“AGM”) being held on 23 July 2021. In the event that 25% or more of the shareholders vote against either, details regarding the manner and timing of such engagement will be specified in the voting results. We welcome shareholders to engage with us on the remuneration policy and implementation report.

BOARD OF DIRECTORS

The board provides leadership and determines the strategic objectives of the group and acts as the custodian of Spear’s corporate governance framework. The board is supported by five committees and delegates the responsibility of running the business to its executives. The board monitors the implementation of its strategies, decisions and key policies and is satisfied that it has fulfilled its responsibilities required by its mandate this year.

BALANCE OF POWER

In accordance with the Spear board charter, there is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

COMPOSITION OF THE BOARD

The board comprises of nine directors, of whom seven are non-executive and two are executive directors. Of the non-executive directors, four (57%) are independent. The board members have a diverse range of qualifications and experience which enables them to contribute meaningfully to the group. The board is satisfied with the depth of the collective experience of the non-executive directors and that there is sufficient independence of minds on the board.

APPOINTMENTS TO THE BOARD AND BROADER DIVERSIFICATION

In accordance with Spear’s board charter, appointment of non-executive directors’ policy and the JSE Listings Requirements, Spear has adopted a policy with regards to broader diversification.

With the assistance of the nominations committee, the board sets its broader diversification targets and monitors its composition in this regard. The board is committed to ensuring that key regard is given to broader diversification for all future appointments to the board to facilitate an appropriately diverse board, including a relevant range of expertise, experience, industry knowledge, age, gender, race, and culture.

All appointments to the board follow a formal and transparent procedure and are subject to shareholder approval. In this regard, the board, with the assistance of the nominations committee, has set the following broader diversity targets for the 2021/22 financial year:

	FY2021/22 Target %	Actual %
Race diversity	40	33.33
Gender	20	11.11

The board reviewed the role and responsibilities assigned to the Chairman and the lead independent director during the year under review. The shareholders approved the reappointment of Mr. N Kjellström-Matseke, Mr. CS McCarthy and Dr. RL Phillips, who had retired and made themselves available for re-election at the annual general meeting held on 24 July 2020. There were no appointments made to the board during the year under review.

CONFLICTS OF INTERESTS

Directors are required to declare their personal financial interests and those of related persons in contracts with the group. A register in this regard is maintained and reviewed at each board meeting. Directors are further asked to recuse themselves from any discussions and decisions where they have a material financial interest.

Directors are not involved in decisions where they have a conflict of interest or a material personal interest. The company secretary further monitors potential conflicts that may arise and informs the board thereof.

INDEPENDENT ADVICE

The board, board committees and individual directors may seek external advice at the company’s expense and, if appropriate, the advice may be made available to other directors.

BOARD MEETINGS

The board met five times during the year under review and will meet at least four times per year each financial year and more often if circumstances require. The table below sets out the board and board committee meetings held and attendance during the reporting period.

Name of director	Board	Audit and risk committee	Remuneration committee	Nomination committee	Social and ethics committee	Investment committee
Total number of meetings	5	3	2	2	2	0
A Varachhia	5	●	2	●	●	0
MN Flax	5	●	●	●	●	0
QM Rossi**	5	●	●	●	2	0
C Barnard**	5	●	●	●	●	0
N Kjellström-Matseke*	5	3	2	2	2	0
JE Allie*	5	3	2	2	●	●
BL Goldberg*	5	3	●	2	2	0
RL Phillips (Dr.)*	5	●	●	●	2	●
CS McCarthy	5	●	●	2	●	0

* Independent

** Executive director

● Not a committee member

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman of the board and the Chief Executive Officer are separated and clearly defined. As a result of the Chairman being a non-executive director who is not independent, a lead independent non-executive director has been appointed.

The Chief Executive Officer is responsible for the day-to-day management of the group and implementation of the strategy and objectives adopted by the board. He is assisted by the one other executive director, two public officers and members of senior staff.

With the assistance of the lead independent non-executive director, the Chairman of the board manages the relationship between the board, the Chief Executive Officer and the various board committees. He sets the agendas for the board meetings and ensures that adequate time is devoted to developing the group’s strategy.

CEO AND SENIOR EXECUTIVE PERFORMANCE

The board with the assistance of the remuneration committee reviews the performance of the Chief Executive Officer, Chief Financial Officer and senior executives and approves their remuneration.



CORPORATE GOVERNANCE REPORT (CONTINUED)

CHANGES THAT CAME INTO EFFECT DURING PERIOD

There were no changes that came into effect during the period under review.

STATEMENT OF COMPLIANCE

In accordance with the JSE Listings Requirements, the group has applied the principles and recommendations of King IV™. Furthermore, the directors of the company confirm that there were no contraventions, material non-compliances, fines

or penalties reported in relation to all applicable laws and regulations for the period under review, which included laws of establishment and Spear's Memorandum of Incorporation.

BOARD COMMITTEES

The board acknowledges that overall responsibility for managing the group rests with the board as a whole. To assist it in fulfilling its responsibilities, the board delegates some of its functional responsibilities to its committees by means of clearly defined mandates. The committees report to the board on their deliverables in accordance with their board-approved terms of references on a continual basis.

COMPOSITION OF THE COMMITTEES

The members of the board committees are as set out in the table below.

Audit and risk committee	Investment committee	Remuneration committee	Social and ethics committee	Nomination committee
JE Allie (Chair)	BL Goldberg (Chair)	JE Allie (Chair)	N Kjellström-Matseke (Chair)	JE Allie (Chair)
BL Goldberg	A Varachhia	N Kjellström-Matseke	QM Rossi	BL Goldberg
N Kjellström-Matseke	MN Flax	A Varachhia	BL Goldberg	N Kjellström-Matseke
	QM Rossi		RL Phillips (Dr.)	CS McCarthy
	C Barnard			
	N Kjellström-Matseke			
	CS McCarthy			

AUDIT AND RISK COMMITTEE

The audit and risk committee acts in compliance with section 94(7) of the Companies Act, No. 71 of 2008, as amended (the "Companies Act"), as well as ensures that there is an effective risk management framework in place and that emerging risks are identified and managed. The non-statutory duties include assisting the board with discharging its duties relating to the effectiveness of the control environment; review and preparation of adequate financial reporting; review and preparation of the integrated report; ensuring the financial integrity of the annual financial statements; monitoring of compliance with applicable laws and regulations; and nominations for the appointment, removal and replacement of the external auditor, which includes the review of the independence of the external auditor.

The committee comprises of three independent non-executive directors. The chairman of the committee is Mr. JE Allie.

INVESTMENT COMMITTEE

The investment committee assists the board in evaluating proposed transactions, which include material acquisitions, mergers and disposals, and makes recommendations to the board in this regard. The committee also assists and advises the executive team on such transactions.

The committee comprises of five non-executive directors of whom two are independent and two are executive directors. The chairman of the committee is Mr. BL Goldberg.

REMUNERATION COMMITTEE

The remuneration committee ensures that the group adopts remuneration policies that are fair, transparent and enables the attraction and retention of vital talent that contributes to the achievement of the group's short-, medium- and long-term objectives. The committee is also responsible for ensuring that the remuneration policies are fair and responsible and that succession planning for the executive management team is in place.

The committee comprises of three non-executive directors of whom two members are independent. The chairman of the committee is Mr. JE Allie.

SOCIAL AND ETHICS COMMITTEE

The social and ethics committee acts in compliance with section 72 and regulation 43 of the Companies Act. The committee monitors the group's activities with regard to ethics, social and economic development, good corporate citizenship, customer relations, environment, health and public safety, broad-based black economic empowerment, labour and employee engagement and compliance with applicable laws and regulations.

The committee comprises of three independent non-executive directors and one executive director. The chairman of the committee is Mr. N Kjellström-Matseke.

NOMINATIONS COMMITTEE

The nominations committee's responsibilities are to assist the board in reviewing its size and composition annually in the context of the group's strategy, evaluating the effectiveness of the board, board committees and company secretary, identifying and nominating board candidates and succession

planning for board members. The board has adopted a gender and race diversification policy. The nominations committee will continue to discuss and annually agree on measurable targets for achieving racial and gender diversity on the board.

The committee comprises of four non-executive directors of whom three are independent. The chairman of the committee is Mr. JE Allie.

COMPANY SECRETARY

The Company Secretary is responsible for providing the board with guidance on discharging its responsibilities in terms of legislation and regulatory requirements and coordinating the functioning of the board and its committees.

The board has reviewed the qualifications, experience and competence of Ms. RC Stober and is of the opinion that the Company Secretary is suitably qualified and experienced to carry out her duties as stipulated under Section 84 of the Companies Act with unencumbered access to the board. The board is further satisfied that the Company Secretary has performed all formalities and substantive duties timeously and in an appropriate manner and that an arm's length relationship between the Company Secretary and the board exists.



MANHATTAN PLAZA