



**THE SPAR GROUP LIMITED**

Reg. No. 1967/001572/06

("the Company")

**MINUTES OF THE ANNUAL GENERAL MEETING HELD IN THE BOARDROOM AT SPAR  
CENTRAL OFFICE, 22 CHANCERY LANE, PINETOWN AND VIRTUALLY ON TUESDAY, 15  
FEBRUARY 2022 AT 09H20**

<b>PRESENT:</b>	GO O'Connor	(Chairman representing various Nominees and by proxy)
	JA Canny	(Independent Non-executive Director)
	BW Botten	(Chief Executive Officer and Shareholder representing Ferbros Nominees)
	KJ O'Brien	(Interim Company Secretary and Shareholder representing Ferbros Nominees)
	MW Godfrey	(Chief Financial Director and Shareholder representing Ferbros Nominees)
	L Koyana	(Independent Non-executive Director)
	ZJI Mabaso	(Shareholder representing Ferbros Nominees)
	M Mashologu	(Independent Non-executive Director)
	HK Mehta	(Independent Non-executive Director and Shareholder representing Standard Bank Nominees, Nedcor Bank Nominees and AS Nominees)
	P Mnganga	(Independent Non-executive Director)
AG Waller	(Independent Non-executive Director and shareholder representing AS Nominees)	
<b>VIRTUAL:</b>	LGV Barlow	(Shareholder representing Ferbros Nominees)
	WSL Beattie	(Shareholder representing First World Trader Nominees)
	T Blamey	(Shareholder representing Standard Bank Nominees)
	G Blizzard	(Shareholder representing First World Trader Nominees)
	CP Logan	(Shareholder representing Standard Bank Nominees)
S Msomi	(Shareholder representing Standard Bank Nominees)	
<b>IN ATTENDANCE:</b>	S Ashokumar	Assistant Company Secretary
	K Becker	(Investor Relations)
	T Blamey	(Standard Bank Nominees)
	K Child	(Media)
	A Crotty	(Media)
	T Howatt	(PricewaterhouseCoopers)
J Jackson	Tantalum Capital	

ST Naran	(nominated Independent Non-executive Director)
G Pentecost	(Group Legal Advisor)
A Quzu	(First World Trader Nominees)
One Capital	(Sponsor)
JSE Investor Services	(Independent invigilators)

1. **WELCOME**

The Chairman welcomed all those present to the meeting.

2. **NOTICE TO SHAREHOLDERS**

The notice convening the meeting had been in shareholders' hands for the statutory period and with the unanimous consent of the shareholders' present in person and virtually, was taken as read.

3. **QUORUM AND CONSTITUTION**

The necessary quorum being present, the Chairman declared the meeting duly constituted.

4. **ORDINARY BUSINESS**

4.1 **Adoption of the annual financial statements**

In accordance with section 61(8)(a) of the Companies Act No. 71 of 2008 ("the Companies Act"), the Annual Financial Statements of the Company for the year ended 30 September 2021, including the Directors' report, the Audit Committee report and the Social and Ethics Committee report were presented to shareholders.

There were no questions or comments posed by any of the shareholders present.

4.2 **Appointment of an independent non-executive director**

On the recommendation of the Nominations Committee, and motioned by the Chairman, **IT WAS RESOLVED THAT** the appointment of Sundeeep Naran as an independent non-executive director of the Company with immediate effect, be and is hereby approved.

**IT IS RECORDED THAT** the resolution was passed by 100% of shareholders present or represented by proxy.

Mr Beattie queried the number of directorships held by Mr Naran, particularly of other listed entities so as to obtain comfort that he had the necessary time to dedicate to his proposed role on the Company Board. Mr Naran advised that he would not be serving on any listed board other than the Company board. The only other commitment he did have, was as a member of a Credit Committee of a Financial Institution.

Mr Beattie further queried whether the Company had adopted a policy restricting the number of board appointments of Non-Executive Directors. The Chairman undertook to implement a policy to govern this, after confirming that none currently existed.

#### 4.3 Confirmation of appointment of independent non-executive director

On the recommendation of the Nominations Committee, and motioned by the Chairman, **IT WAS RESOLVED THAT** the appointment of Jane Canny as an independent non-executive director of the Company with effect from 1 May 2021, be and is hereby confirmed.

**IT IS RECORDED THAT** the resolution was passed by 100% of shareholders present or represented by proxy.

#### 4.4 Re-election of non-executive directors retiring by rotation

In accordance with article 5.1.10 of the Company's Memorandum of Incorporation (Mol), Harish Mehta, Phumla Mnganga and Lwazi Koyana retire by rotation and Phumla Mnganga and Lwazi Koyana being eligible, offers themselves for re-election. It was recorded that Harish Mehta will not offer himself for re-election at the close of this Annual General Meeting.

On the recommendation of the Nominations Committee, and motioned by the Chairman, **IT WAS RESOLVED**, each by way of a separate vote, that Phumla Mnganga and Lwazi Koyana be and is hereby re-elected as independent non-executive directors of the Company.

**IT IS RECORDED THAT** the resolutions were passed for the re-election of Phumla Mnganga by 68.84% and for Lwazi Koyana by 99,27%, of shareholders present or represented by proxy.

Mr Beattie queried the diversity on the Board, highlighting the importance of diversity across all the factors. The Chairman reported that SPAR agrees with the sentiments on board diversity, and it believes that it has a very diverse board. The details of the demographics of the Board were detailed in the 2021 Integrated Annual Report published on the Company website.

#### 4.5 Re-election of the independent external auditor

In accordance with section 90(1) read with section 61(8)(c) of the Companies Act, at each annual general meeting, the shareholders of the Company appoint the auditors and designated individual audit partner, as nominated by the Audit Committee.

On the recommendation of the Audit Committee, and motioned by the Chairman, **IT WAS RESOLVED**, each by way of a separate resolution, that Pricewaterhouse Coopers Inc. be and are hereby elected as the Company's independent external auditor for the ensuing year, with Thomas Howatt as the individual audit partner.

**IT IS RECORDED THAT** the resolutions for the election of Pricewaterhouse Coopers Inc. as the external auditor was passed by 96,22% and Thomas Howatt as the audit partner by 96,22%, of shareholders present or represented by proxy.

Mr Beattie queried whether SPAR followed audit firm rotation in line with international best practice and was informed that auditor rotation is mandatory in South Africa. The audit firm

is required to rotate every ten years in accordance with IRBA rules and the audit partner is required to rotate every five years in terms of the Companies Act, which the Board believes are suitable terms for rotation.

In light of the many corporate scandals involving external auditors, Mr Beatie queried whether the external auditor had been questioned on any “problem” audits they might have been involved in. The Chairman confirmed that the Audit Committee had been through a very rigorous process when it changed auditors to Pricewaterhouse Coopers, which included a review into any past of impending litigation or corporate scandals.

#### 4.6 **Re-election of the members of the Audit Committee**

In accordance with section 94(2) of the Companies Act, at each annual general meeting, the shareholders are required to elect the members of the Audit Committee.

On the recommendation of the Nominations Committee, and motioned by the Chairman, **IT WAS RESOLVED**

4.6.1 **THAT** Marang Mashologu be and is hereby re-elected as a member of the Audit Committee until the next annual general meeting.

**IT IS RECORDED THAT** the resolution was passed by 99.26% of shareholders present or represented by proxy.

4.6.2 **THAT** Lwazi Koyana be and is hereby elected as a member of the Audit Committee until the next annual general meeting.

**IT IS RECORDED THAT** the resolution was passed by 99.27% of shareholders present or represented by proxy.

4.6.3 **THAT** Sundeep Naran be and is hereby elected as a member of the Audit Committee until the next annual general meeting.

**IT IS RECORDED THAT** the resolution was passed by 99.28% of shareholders present or represented by proxy.

4.6.4 **THAT** Andrew Waller be and is hereby re-elected as Chairman of the Audit Committee until the next annual general meeting.

**IT IS RECORDED THAT** the resolution was passed by 98.56% of shareholders present or represented by proxy.

#### 4.7 **Authority to issue shares for the purpose of share options**

Pursuant to the granting of share options by The SPAR Group Ltd Employee Share Trust (2004) (the ‘Trust’), and in the event of any of the option holders exercising their rights thereto, authority was sought to place the issuing of the necessary shares under the control of the directors.

On the motion by the Chairman, **IT WAS RESOLVED THAT** such number of the ordinary shares in the authorised but unissued capital of the company required for the purpose of satisfying the obligations of the Trust to option holders, be and is hereby placed under the control of the directors, who are hereby, as a specific authority, authorised to issue those shares in terms of the Trust deed.

**IT IS RECORDED THAT** the resolution was passed by 91.55% of shareholders present or represented by proxy.

#### 4.8 **Authority to issue shares for the purpose of the Conditional Share Plan**

On the motion by the Chairman, **IT WAS RESOLVED THAT** such number of the ordinary shares in the authorised but unissued capital of the company, required for the purpose of The SPAR Group Ltd Conditional Share Plan (CSP), be and is hereby placed under the control of the directors, who are hereby, as a specific authority, authorised to issue those shares in terms of the rules of the CSP.

**IT IS RECORDED THAT** the resolution was passed by 92.18% of shareholders present or represented by proxy.

#### 4.9 **Non-binding advisory vote on the remuneration policy**

On the recommendation of King IV, at each annual general meeting, the Company's Remuneration Policy is required to be tabled for a non-binding advisory vote.

On the motion by the Chairman, **IT WAS RESOLVED THAT** the Company's Remuneration Policy, be and is hereby approved by way of a non-binding advisory vote.

**IT IS RECORDED THAT** the resolution was passed by 93.56% of shareholders present or represented by proxy.

In light of concerns in the industry regarding excessive Executive remuneration practices, Messrs Beattie and Quzu queried whether SPAR was considering **disclosing information on its lowest paid staff and highest paid workers**. The Chairman committed to disclosing the information in the Company's 2022 Integrated Annual Report.

Mr Logan commented that SPAR's **minimum shareholding requirement (MSR)** was low when compared to S&P 500 companies and he encouraged to Board to consider increasing the MSR so that Executives would be committed to drive long term value creation within the business instead of focusing on short term goals. The Chairman acknowledged the comment as being well made noting that the Remuneration Committee were still in the process of debating the level of MSR required.

#### 4.10 **Non-binding advisory vote on the remuneration implementation report**

On the recommendation of King IV, at each annual general meeting, the Remuneration Implementation Report is required to be tabled for a non-binding advisory vote.

On the motion by the Chairman, **IT WAS RESOLVED THAT** the Company's Remuneration Implementation Report, be and is hereby approved by way of a non-binding advisory vote.

**IT IS RECORDED THAT** the resolution was passed by 62.51% of shareholders present or represented by proxy.

5. **SPECIAL BUSINESS**

5.1 **Financial assistance to related or inter-related companies**

In accordance with section 45(3)(a)(ii) of the Companies Act and on the motion by the Chairman, **IT WAS RESOLVED THAT** directors of the company, in terms of provision 45 of the Companies Act, No. 71 of 2008 (as amended) (Companies Act), be and are hereby authorised to cause the company to provide any financial assistance, whether by lending money, guaranteeing a loan or other obligation and/or securing any debt or obligation, to any of its subsidiary companies or other related or inter-related companies or persons, during the period from 1 March 2022 to 28 February 2023.

**IT IS RECORDED THAT** the resolution was passed by 90.07% of shareholders present or represented by proxy.

5.2 **Non-executive director's fees**

In accordance with section 66(9) of the Companies Act, shareholders are required to approve the fees paid to directors for their services rendered as directors.

On the motion by the Chairman, **IT WAS RESOLVED THAT:**

5.2.1. the fees payable to non-executive directors for the period 1 March 2022 to 28 February 2023, as set out in the notice of annual general meeting, be and are hereby approved.

**IT IS RECORDED THAT** the resolution was passed by 99.59% of shareholders present or represented by proxy.

5.2.2. an exclusive of VAT (if applicable) fee of R300 000 per annum be payable to non-executive directors for their membership to the IT Steering Committee for the 12-month period from 1 March 2022 to 28 February 2023, be and is hereby approved.

**IT IS RECORDED THAT** the resolution was passed by 97.29% of shareholders present or represented by proxy.

5.2.3. an exclusive of VAT (if applicable) daily fee of R29 400 be payable to non-executive directors for their attendance at ad hoc meetings of the board and board committees for the 12-month period from 1 March 2022 to 28 February 2023, be and is hereby approved.

**IT IS RECORDED THAT** the resolution was passed by 98.66% of shareholders present or represented by proxy.

Mr Beattie expressed his dissatisfaction on the high level of remuneration paid to non-executive directors by listed entities in South Africa in light of the lowly paid workers. The

Chairman noted that the Board is mindful of this and that the recommendations on the non-executive directors' remuneration were informed by a benchmarking exercise conducted. He further reported that there would be a further adjustment in the following year.

Mr Beattie further commented that a **greater part of remuneration needed to be linked to performance**. The Chairman acknowledged the comment noting that this would be discussed by the Remuneration Committee.

Mr Logan suggested adopting a policy for **non-executive directors to own SPAR shares** which would increase investor confidence that the non-executive directors was committed to driving long term value creation within the business. In reply, the Chairman reported that ownership of shares by non-executive directors was being debated on internally taking into account a number of factors including the impact on independence requirements.

## 6. **GENERAL**

### 6.1 **Minutes of Annual General Meeting**

Mrs Blizzard enquired whether SPAR would consider making the minutes of the Annual General Meeting available on the Company website, as recommended by principle 16 of King IV. The Chairman undertook for this to be done going forward.

### 6.2 **Performance of Local and International businesses**

Mr Beattie requested feedback on current trading conditions locally and internationally comparison to pre-covid levels. In addition, Mr Logan requested an indication on the strategy to turnaround the unsatisfactory performance of the South African business recorded for the 2021 financial year.

Mr Botten reported that the Swiss and Irish business were performing well. The Group remains challenged in Poland, but the performance had improved over the prior period albeit not at the levels required for the business to break even. Action plans were in place to realise the opportunities that exists to improve the performance of the Polish business, in terms of revenue growth, margin improvement as well as expense focus. The South African business revenue growth for the 2021 financial year had been disappointing due to the impact of the harsh liquor lockdown on liquor sales and grocery sales in the adjacent SPAR stores. Plans were in place to improve top line performance, which would be achieved through aggressive programmes to rebuild the stores impacted by the unrest, upgrade of existing stores and the opening of new stores, as well as to drive the private label offering and enhanced the promotional programme with additional marketing campaigns. These plans were already starting to show improvement in the core business since the results of the 2021 financial year.

### 6.3 **Risks in South Africa**

Mr Beattie queried how the following risks were being managed by the business:

- risks relating to general uprising, in light of the recent unrest in Kwazulu-Natal:

The Chairman reported that SPAR was a part of a public/private partnership arrangement that has implemented an intelligence platform for information sharing to corporates, which would mitigate the risk to some extent. Security was very high on the agenda for SPAR in protecting its Distribution Centres and all its independent retailers. Mr Botten added that the decentralised business model had assisted in future proofing the business with regards to the contingency plans implemented to meet supply obligations of the Distribution Centres that had to close during the unrest.

- risks to trading conditions in South Africa due to supply issues being experienced with governmental organisations, such as the water and electricity crisis:

Mr Botten reported that dependence on Eskom and the municipality, for the supply of electricity and water, was mitigated through a host of sustainability initiatives undertaken with the Distribution Centres and independent retailers, such as solar plants, wastewater, and distribution of water initiatives. SPAR's community-based model would also see SPAR and the retailers work closely and supporting communities in need on an ongoing basis and during any crisis situations.

## 7. **TRADING UPDATE**

Mr Botten read out a summary of the trading statement for the 18 weeks to 29 January 2022, which had been released on SENS just prior to commencement of the meeting.

## 8. **DECLARATION OF RESULTS**

The Chairman declared that all the ordinary resolutions and special resolutions were passed by the requisite majority of shareholders present or represented by proxy.

Since the Remuneration Implementation Report had been voted against by more than 25% of the voting rights exercised on the resolution, the Chairman informed shareholders that an invitation would be extended to all dissenting shareholders in due course, calling for comments on the Remuneration Implementation Report. Feedback on the outcomes of the engagements and actions taken to address the concerns by the shareholders, would be provided in the next Annual Integrated Report.

## 9. **CONCLUSION**

The Chairman noted that this was Mr Mehta's last meeting of the Company and thanked him for his valuable insights and contribution to the Board and Company over his tenure with SPAR and wish him well with his future endeavours.

There being no further business to discuss, the Chairman thanked all for their contribution and declared the meeting closed.

Signed as a fair reflection of the proceedings.

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**CHAIRMAN**  
**7 JUNE 2022**