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**MINUTES OF THE ANNUAL GENERAL MEETING HELD IN THE BOARDROOM AT SPAR
CENTRAL OFFICE, 22 CHANCERY LANE, PINETOWN AND VIRTUALLY ON TUESDAY,
14 FEBRUARY 2023 AT 09H00**

PRESENT:	MJ Bosman	(Chairman representing various Nominees and by proxy)
	JA Canny	(Independent Non-executive Director)
	KJ O'Brien	(Company Secretary and Shareholder representing Ferbros Nominees)
	MW Godfrey	(Chief Financial Officer and Shareholder representing Ferbros Nominees)
	L Koyana	(Independent Non-executive Director)
	ZJI Mabaso	(Shareholder representing Ferbros Nominees)
	M Mashologu	(Independent Non-executive Director)
	ST Naran	(Independent Non-executive Director)
	AG Waller	(Independent Non-executive Director and shareholder representing AS Nominees)
VIRTUAL:	P Mnganga	(Independent Non-executive Director)
	G Blizzard	(Shareholder representing First World Trader Nominees)
	A Duys	(Shareholder representing Standard Bank Nominees)
	CP Logan	(Shareholder representing Standard Bank Nominees)
	M Mncube	(Shareholder representing Standard Bank Nominees)
	N Ndebele	(Shareholder representing Matrix Fund Managers)
	MG Prentice	(Shareholder representing Standard Bank Nominees)
	DL Ross	(Shareholder representing Ferbros Nominees)
	AM Sacher	(Shareholder representing PSG Nominees)
IN ATTENDANCE:	S Ashokumar	(Assistant Company Secretary)
	K Becker	(Investor Relations)
	T Howatt	(PricewaterhouseCoopers)
	G Pentecost	(Group Legal Advisor)
	One Capital	(Sponsor)
	JSE Investor Services	(Independent invigilators)
	Other guests	(Refer attendance report)

1. **WELCOME**

The Chairman welcomed all those present to the meeting; and particularly introduced the key personnel present to answer the questions presented at the meeting from Shareholders.

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 Company Secretary confirmed the presence of a quorum, and the Chairman declared the meeting duly constituted.

4. **PRESENTATION OF 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 2022, including the Directors' report, the Audit Committee report, the independent auditor's report and the Social Ethics and Sustainability Committee report were presented to Shareholders.

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

5. **ORDINARY BUSINESS**

5.1 **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 Michael (Mike) Bosman as an independent non-executive director of the board of directors of the Company, with effect from 15 December 2022, be and is hereby confirmed.

IT IS RECORDED THAT the resolution was passed by 89.72% of shareholders present or represented by proxy.

5.2 **Re-election of non-executive directors retiring by rotation**

In accordance with article 5.1.10 of the Company's Memorandum of Incorporation (Mol), Graham O'Connor, Marang Mashologu and Andrew Waller retire by rotation and Marang Mashologu and Andrew Waller being eligible, offers themselves for re-election. It was recorded that Graham O'Connor has elected to not offer himself for re-election and will retire 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 Marang Mashologu and Andrew Waller be and are hereby re-elected as independent non-executive directors of the Company.

IT IS RECORDED THAT the resolutions were passed for the re-election of Marang Mashologu by 93.81% and for Andrew Waller by 95,46%, of shareholders present or represented by proxy.

5.3 **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 92,33% and Thomas Howatt as the audit partner by 92,35%, of shareholders present or represented by proxy.

5.4 **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**

5.4.1 **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 94.01% of shareholders present or represented by proxy.

5.4.2 **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 98.66% of shareholders present or represented by proxy.

5.4.3 **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 98.72% of shareholders present or represented by proxy.

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5.4.4 **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 94.31% of shareholders present or represented by proxy.

Mr Mncube referred to the notification of the reportable irregularity published by the Company on SENS on 19 January 2023 and queried why the Audit Committee had not been held accountable relating to this. The Chairman advised that the Board felt that it would not be fair to hold the current Audit Committee accountable due to majority of the members having been appointed to the Committee after the transaction that gave rise to reportable irregularity had occurred.

5.5 **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 92.76% of shareholders present or represented by proxy.

5.6 **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 69.02% of shareholders present or represented by proxy.

5.7 **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 64.84% of shareholders present or represented by proxy.

Mr Mncube referred to the lack of ESG metrics in the variable remuneration noting that this concern had been previously raised with the Company. The Chairperson of the Remuneration Committee referred to the commentary in the Remuneration Committee Report contained in the Company's 2022 Integrated Annual Report which advised that the Remuneration Committee had initiated a comprehensive refresh of the remuneration policy and the STI and LTI schemes, including the performance measurements. The dominant themes from the concerns submitted by investors were addressed as part of phase 1 of the review process and the balance of the concerns were to be addressed during phase 2 in 2023. It was confirmed that ESG metrics were included in the STI criteria, and the Remuneration Committee would be looking at expanding these during phase 2 of the review of the Remuneration Policy.

Mr Logan encouraged the Board to consider increasing the level of SPAR's minimum shareholding requirement (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 noted the point and advised that the MSR level would be reviewed as the Remuneration Committee reviews the LTI schemes going forward. It was also pointed out that the MSR for the CFO was higher than the PWC recommended level.

5.8 **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 68.35% of shareholders present or represented by proxy.

6. **SPECIAL BUSINESS**

6.1 **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** the 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 2023 to 29 February 2024.

IT IS RECORDED THAT the resolution was passed by 89.80% of shareholders present or represented by proxy.

6.2 **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, the following resolutions were put to a vote:

- 6.2.1. **THAT** that the exclusive of VAT (if applicable) annual fees payable to non-executive directors of the company for their membership to the board and its committees for the 12-month period from 1 March 2023 to 29 February 2024, be and are hereby approved.

IT IS RECORDED THAT the resolution was not carried as it received 72.17% votes cast in favour by the shareholders present or represented by proxy, being less than the 75% votes required to pass a special resolution.

- 6.2.2. **THAT** the exclusive of VAT (if applicable) fee of R300 000 per annum, payable to non-executive directors for their attendance of IT Steering Committee meetings, remains at R300 000 per annum for the 12-month period from 1 March 2023 to 29 February 2024, be and is hereby approved.

IT IS RECORDED THAT the resolution was not carried as it received 71.40% votes cast in favour by the shareholders present or represented by proxy, being less than the 75% votes required to pass a special resolution.

- 6.2.3. **THAT** the exclusive of VAT (if applicable) daily fee of R29 400, payable to non-executive directors for their attendance at ad hoc meetings of the board and board committees, be increased to R31 164 for the 12-month period from 1 March 2023 to 29 February 2024, be and is hereby approved.

IT IS RECORDED THAT the resolution was passed by 98.48% of shareholders present or represented by proxy.

7. **GENERAL**

Members of the Board and Management responded to questions raised under General and the following were noted:

7.1 **Media allegations**

The Chairman reported on the following concerns:

- Governance concerns – These concerns have been taken very seriously. The Chairman briefly highlighted the changes that have been implemented to the composition of the Board to address the governance concerns.
- Dispute with the group of aggrieved retailers – The complaints received from these retailers had been investigated by an independent law firm, Harris Nupen Molebatsi (“HNM”), which found no evidence of discrimination on the part of SPAR. Majority of the allegations made against SPAR were unfounded. The Chairman briefly reported on the key actions being taken to improve business practices in light of these allegations against SPAR.

It was further reported that the Company was currently in mediation process to attempt to reach settlement with the individual retailers. Attempts were also being made to meet with the retailers and settle the matters with them in a parallel process with the mediation process.

- Giannacopoulos Group – SPAR plans to be going into mediation or arbitration with the Giannacopoulos Group to attempt to find amicable resolutions to the various matters relating to them. A parallel process was also being run in terms of which the Executives would be engaging the Giannacopoulos Group to try to resolve the matters directly with them.

7.2 Disclosure of wage gap and remuneration of front end customer-facing employees

The Chairman reported that work was in the process of being done on the framework which would enable the Company to disclose the wage gap. Inclusion of remuneration of front-end customer-facing employees in the disclosure on minimum wage would be a challenge and SPAR would disclose this to the extent that it is able to access this information from the independently owned stores.

7.3 The Company's expenditure towards renewable projects in an attempt to reduce it's emissions

Mr O'Brien reported that the company continues to invest in renewable energy and lighting in its distribution centres. Solar had been installed at all of the distribution centres and work on their energy efficient lighting continues. SPAR had also conducted a climate change scenario analysis which has identified a number of issues that face SPAR as a business and society as a whole. This would go into a budgeting process going forward to ensure that SPAR has a plan to deliver on its commitments on climate change.

7.4 Disclosure on Scope 3 emissions

Mr O'Brien reported that SPAR has and continues to improve its disclosure on Scope 3 emissions, for its South African distribution centres and Corporate stores. The intention was to expand the reporting to also include the international operations.

7.5 Race and gender transformation targets for senior and middle management

The Chairman confirmed that these targets were in place and were being monitored by the Social, Ethics and Sustainability Committee.

7.6 Turnaround of the Polish business

The Chairman noted that this was receiving the priority of the Board, and actions were being taken to conduct a detailed assessment of the Polish market to determine the options for that business going forward and for the Board to come to some clear and decisive conclusions on Poland. Shareholders will be kept apprised on the progress with this business.

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7.7 Classification of Board members with ESG skills

The Chairman noted that Mrs Mnganga and Mrs Canny have been classified as having ESG skills due to their demonstrable experience as members of Social and Ethics Committees of other entities as well as their attendance of continuous professional development programmes.

7.8 SPAR's de-rating to price to book at PE since 2014 when started its international expansion

The Chairman noted that the Company was historically known for being capital light and cash rich and that it had drifted from this in the past few years, which was something the Board had to consider in the short term. Focus in future would be on strict capital allocation disciplines, the protection of cash and other important metrics such as ROCE.

7.9 Supply chain support for small scale suppliers

Mr O'Brien reported on the initiative with the Rural Hub to develop small scale farmers, to diversify SPAR's supply chain. The work being done with the Rural Hub has enabled these farmers to become Global Gap-certified so they could compete with large scale farmers. SPAR was also working with other small-scale suppliers that were not agricultural.

7.10 Search for new CEO

The Chairman reported that the search process for a new CEO was currently underway through an external search firm and a shortlist of candidates should be identified in due course, which would be followed by the interview and nomination process by the Nominations Committee. Shareholders will be kept apprised on this matter.

8. TRADING UPDATE

Mr Godfrey read out a summary of the trading statement for the 18 weeks to 28 January 2023, which had been released on SENS just prior to commencement of the meeting.

9. DECLARATION OF RESULTS

The Chairman declared that with the exception of the following special resolutions, all the ordinary resolutions and special resolutions were passed by the requisite majority of shareholders present or represented by proxy:

- Special resolution 2.1: Annual fees payable to non-executive directors for the membership to the board and its committees.
- Special resolution 2.2: Annual fees payable to non-executive directors for their attendance of IT steering committee meetings.

Since the Remuneration Policy and 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 Policy and Remuneration Implementation Report. Feedback on the outcomes of the engagements and actions taken

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to address the concerns by the shareholders, would be provided in the next Annual Integrated Report.

10. **CONCLUSION**

The Chairman noted the retirement of Mr O'Connor and resignation of Mrs Mnganga's and thanked them both for their valuable insights and contribution to the board and Company over their tenure with SPAR and wish them well with their 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.



15 Nov, 2023 4:31:38 PM GMT+2

CHAIRMAN