



THE SPAR GROUP LIMITED
(Reg. No. 1967/001572/06)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors of The SPAR Group Limited (the Company) acknowledges the need for a board charter as recommended in the King IV™ Code on Corporate Governance.

This board charter is also subject to:

- the provisions of the Companies Act 2008, as amended;
- the Companies Regulations, 2011;
- the Company's Memorandum of Incorporation (Mol);
- the JSE Listings Requirements; and
- any other applicable law or regulatory provision.

2. KING IV™™ CODE ON CORPORATE GOVERNANCE (King IV™)

King IV™ states that:

“the Board should ensure that its role, responsibilities, membership requirements and procedural conduct are documented in a charter, which it regularly reviews to guide its effective functioning”.¹

3. SCOPE

3.1 Membership

- 3.1.1 The Company shall not have less than eight directors, of which at least two shall be executive directors. Subject to the Companies Act and Listings Requirements, the shareholders of the Company may from time to time increase or decrease such minimum number of directors. The Group Chief Executive Officer (CEO), Group Chief Financial Officer, and Group Chief Operating Officer shall be board members.
- 3.1.2 The Board shall comprise of a mix of executive, non-executive and independent non-executive members, most of whom should be independent and have the appropriate mix of knowledge, skills and experience, including the business, commercial and industry experience, needed to govern the Company.² Independent non-executive directors shall meet the independence criteria, as set out in King IV.
- 3.1.3 The Board should ensure that there is an appropriate balance of power and authority on the Board, such that no single individual or group of individuals can dominate the Board.

¹ Principle 6(2) of King IV™

² Principle 7(7)(a)&(b) of King IV™

- 3.1.4 Board members, its Chairman and a lead independent non-executive director / deputy chair³ are to be nominated through a formal process by the Nomination Committee to the Board for approval, and in accordance with the Board Appointment Policy, provided that all additional Board appointments are confirmed at the following Annual General Meeting (AGM).⁴
- 3.1.5 The roles of the Chairman and CEO shall be separate. The Chairman of the Board should ideally be an independent non-executive director, however in the event of the Chairman not being classified as independent, the Directors shall elect a Lead Independent Director / Deputy Chair.
- 3.1.6 The Chairman and Lead Independent Director / Deputy Chair of the Board should be elected annually for the ensuing year, at the last Board meeting of the financial year, on the recommendation of the Nominations Committee.
- 3.1.7 Non-executive members are appointed for a period of three years and can make themselves available for re-election at the AGM, in terms of the Company's MoI. The age limit for non-executive members is 70 years. Any term of service beyond nine years (e.g. three three-year terms) for a non-executive director shall be subject to a rigorous review to ensure the continued independence of the non-executive director.
- 3.1.8 The age limit for executive directors will be the normal retirement age of the relevant executive director in terms of the directors' condition of employment with the Company.
- 3.1.9 Members of the executive, senior management and external advisors may be invited to attend for all or part of the meeting, as and when appropriate and necessary to provide pertinent information and insights in their areas of responsibility.
- 3.1.10 A person is ineligible or disqualified to become a member of the Committee is such a person is ineligible or disqualified in terms of section 69 of the Companies Act.

3.2 **Secretary**

The Group Company Secretary of the Company is the Secretary to the Board.

3.3 **Quorum and voting**

- 3.3.1 The quorum requirement for a board meeting to begin is a majority of the board members, either personally or via electronic medium.⁵
- 3.3.2 Individuals in attendance at Committee meetings by invitation (i.e. invitees) may participate in discussions but do not form part of the quorum for Committee meetings or vote on any business transacted by the Committee.
- 3.3.3 Any business transacted by the board shall be approved by majority of the members in attendance at a meeting.

³ Article 5.3(5) of the MoI

⁴ Principle 7(14) & 31(1) of King IV™

⁵ Article 4.3(4) of the MoI

3.3.4 A resolution pursuant to achieving the objectives contained herein consented to by majority of the members shall be as effective for the purposes as if it had been passed at a meeting of the Committee duly convened, held and constituted.

3.4 **Meetings**

3.4.1 The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this charter, but subject to a minimum of four meetings per year.

3.4.2 Meetings of the Board shall be called by the Company Secretary in accordance with the year planner. Meetings in addition to those scheduled may be held at the request of the Chairman of the Board or any two board members.⁶

3.4.3 Unless otherwise agreed, notice of the meeting confirming venue, time and date together with agenda items to be discussed, shall be forwarded to each member of the Board, any other person required to attend, no later than five (5) working days before the date of the meeting. Supporting papers shall be sent to board members and to other attendees at the same time.

3.4.4. Board members must attend all scheduled meetings, including meetings called on an ad hoc-basis, unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary.

3.4.5 Board members must be fully prepared for the meeting and should provide appropriate and constructive input on matters discussed.

3.4.6 In the absence of the Chairman at the meeting, the Deputy Chair will chair the meeting failing which the remaining members present shall elect one of themselves to chair the meeting. Should the Chairman have knowledge in advance of not being able to Chair a meeting and the Deputy Chair is also not available to chair the meeting, a decision must be taken by the remaining members by election of whom should chair the meeting. This process may be facilitated by the Secretary.

3.4.7 The Board shall on an annual basis establish work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The work plan must ensure proper coverage of the duties laid out in this charter. The more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the work plan.

3.4.8 The Secretary shall minute the proceedings of all meetings of the Board.

3.4.9 Draft minutes of meetings shall be circulated promptly to all board members. The minutes must be formally approved by the Board at its next scheduled meeting.

3.5 **Annual General Meeting**

All board members must attend the Annual General Meeting to answer any shareholder questions on the boards activities.

Article 4.3(4) of the MoI

3.6 Duties

The roles and responsibilities of the Board are to: -

- 3.6.1 cultivate the following characteristics and exhibit them in their conduct: **Integrity, Competence, Responsibility, Accountability, Fairness and Transparency** in order to offer effective leadership that results in achieving strategic objectives and positive outcomes over time.
- 3.6.2 set the direction for how ethics and corporate citizenship should be approached and addressed in the Company;
- 3.6.3 approve Codes of Conduct and Ethics policies;
- 3.6.4 approve the Company's short term, medium and long-term strategy, including the policies and operational plans developed by management to give effect to the approved strategy;
- 3.6.5 approve management's determination of the reporting frameworks (including reporting standards) to be used, taking into account legal requirements and the intended audience and purpose of each report;
- 3.6.6 approve management's bases for determining materiality for the purpose of deciding which information should be included in external reports;
- 3.6.7 approve the protocol to be followed in the event that it or any of its members or committees need to obtain independent, external professional advice at the cost of the Company on matters within the scope of their duties, as well as, protocol to be followed by its non-executive members for requisitioning documentation from, and setting up meetings with management;
- 3.6.8 approve the nomination of candidates for election as board members;
- 3.6.9 approve the methodology to be followed for the evaluation of the performance of the Board, its Committees, its Chairman and its individual members at least every two years;
- 3.6.10 serve as the focal point for and custodian of corporate governance by steering the Company and setting its strategic direction, approving policy and planning that give effect to the direction provided, overseeing and monitoring of implementation and execution by management and ensuring accountability for the Company's performance by means of, among others, reporting and disclosure;⁷
- 3.6.11 approve the appointment of the CEO, who is accountable to the Board and who should be responsible for leading the implementation and execution of approved strategy, policy and operational planning and should serve as the chief link between management and the Board;⁸
- 3.6.12 formally evaluate annually the performance of CEO against agreed performance measures and targets;

⁷ Principle 6(1) of King IV™

⁸ Principle 10(76to78) of King IV™

- 3.6.13 approve the delegation of authority framework that articulates its set direction on reservation and delegation of power;
- 3.6.14 approve the appointment of the Group Company Secretary, including his or her employment contract and remuneration, including his or her removal;
- 3.6.15 formally evaluate annually the performance and independence of the Company Secretary;
- 3.6.16 approve policy that articulates and gives effect to its set direction on risk, the employment of technology and information and gives effect to its direction on compliance, and that identifies which non-binding rules, codes and standards the organisation has adopted;
- 3.6.17 approve policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration;
- 3.6.18 approve an internal charter that defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted;
- 3.6.20 recommendation the appointment of the external auditors to the Shareholders for approval at the AGM of the Company;
- 3.6.21 approve policy that articulates and gives effect to its direction on stakeholder relationships;
- 3.6.22 act in good faith, with the necessary due care, skill and diligence in the best interests of the Company by ensuring that individual directors: -
- 3.6.22.1 adhere to legal standards of conduct;
- 3.6.22.2 disclose real or perceived conflicts to the Board and deal with them accordingly;
- 3.6.22.3 deal in securities only in accordance with the policy adopted by the Board; and
- 3.6.22.4 do everything necessary to fulfil its role and responsibilities set out above.
- 3.6.23 approve all matters reserved for the Board as set out in prevailing legislation as well as listed in the Board approved Delegation of Authority.

3.7 **Delegation**

- 3.7.1 The Board shall delegate particular roles and responsibilities to an individual member or board members or to standing or ad hoc-committees but without abdicating its own responsibilities.⁹ Delegation is formal and involves the following: -
- 3.7.1.1 Formal terms of references are to be established and approved for each committee of the Board;¹⁰
- 3.7.1.2 Each committees' terms of reference is to be reviewed and approve annually;¹¹

⁹ Principle 8(39) of King IV™

¹⁰ Principle 8(41) of King IV™

¹¹ Principle 8(42) of King IV™

3.7.1.3 The committees are appropriately constituted with due regard to the skills required by each committee;

3.7.1.4 The Board must establish a framework for the delegation of authority to management;

3.7.2 The Board shall delegate to management:

3.7.2.1. the responsibility for implementation and execution of the Codes of Conduct and Ethics policies;

3.7.2.2 the formation and development of the organisation's short, medium and long-term strategy;

3.7.2.3 the responsibility to implement and execute the approved policies and operational plans;

3.7.2.4 the responsibility to implement and execute effective risk management;

3.7.2.5 the responsibility to implement and execute effective technology and information management;

3.7.2.6 the responsibility for implantation and execution of effective compliance management; and

3.7.2.7 the responsibility for implementation and execution of effective stakeholder relationship management.

3.8 **Reporting Responsibilities**

The Board shall ensure that provisions regarding disclosure of information are fulfilled and produce a report to be included in the Company's annual report, to enable the stakeholders to make informed assessments of the Company's performance and its prospects.

3.9 **Other Matters**

The Board shall:

3.9.1 have reasonable access to sufficient resources in order to carry out its duties, including access to the Group Company Secretary for assistance as required;

3.9.2 be provided with appropriate and timely training, both from an induction programme for new members and on an on-going basis;

3.9.3 give due consideration to laws, regulations and any published guidelines or recommendations as appropriate;

3.9.4 oversee any investigation of activities which are within this charter;

3.9.5 arrange for biennial review of its own performance;

- 3.9.6 at least annually, review its charter to ensure it is operating at maximum effectiveness; and
- 3.9.7 form and delegate authority to sub-committees or to one or more designation board members.

3.10 **Authority**

The Board is authorised:

- 3.10.1 to obtain any information it requires from any employee or director of the Company in order to perform its duties;¹²
- 3.10.2 to obtain, at the Company's expense, outside legal or otherwise professional advice on any matters within this charter;¹³ and
- 3.10.3 to request the attendance of any executive, senior management or employee at a meeting of the Board as and when required.

4. **REMUNERATION**

Board members not holding executive office in the Company shall be compensated for their services with the Chairman being entitled to an additional fee for the service, in accordance with a special resolution approved by the Shareholders in terms of the section 66(9) of the Companies Act 71 of 2008.

5. **ADMINISTRATION OF THE CHARTER**

The custodian of this charter is the Group Company Secretary who will be responsible for its administration, revision, interpretation and application. Any alternation to this charter is subject to board approval.

This charter was approved by the board on 3 August 2023 and becomes effective immediately on approval.

¹² Principle 6(4) of King IV™

¹³ Principle 6(3) of King IV™