





Application of King IV principles by the SPAR Group Ltd (SPAR)

Our board of directors' (Board) commitment to sustainable business practices is demonstrated in SPAR's application of 16 of the 17 principles of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)*. Principle 17 is not relevant to SPAR as it relates to the responsibilities of institutional investors.




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The following table summarises salient points of SPAR's application of the relevant 16 King IV principles. It should be read in conjunction with SPAR's 2025  **integrated annual report** (including the governance chapter on pages 56 to 76) and  **sustainability report**.








Leadership, ethics and corporate citizenship	
<p>1. Leadership: The governing body should lead ethically and effectively.</p> <p>The Board acknowledges that ethics is the foundation of, and reason for, corporate governance. The Board endeavours to meet the highest ethical standards of business practice in all its dealings relating to SPAR and to ensure that business decisions are made in the best interests of SPAR and free from any undue influence or conflict of interest.</p> <p>In setting and monitoring the strategy, policies and procedures, as well as risks and opportunities, the Board ensures that it considers the impact of the six capitals which the Group uses and affects. The SPAR business model integrates six capitals to deliver on SPAR's purpose of unleashing the power of independent retail. It explains how the Company deploys resources, capabilities and relationships to support independent retailers, deliver competitively priced products to consumers and create sustainable value for shareholders and communities.</p> <p>The Board is responsible for ensuring that management actively cultivates a culture of ethical conduct and establishes the values which we strive to uphold. We value independent judgement and require each Board member to prepare for, participate in and contribute to each meeting in addition to informal discussions and interactions with the Chairman related to the SPAR business.</p> <p>Board and committee self-evaluations are performed every two years.</p>	<p> Sustainability report</p> <p>Ethical business practices, pages 62–70</p> <p> Integrated annual report</p> <p>SPAR business model, page 6</p> <p>Materiality and the context of performance, page 18</p> <p>Reflections from our Chairman, pages 26–29</p> <p>Understanding our governance ecosystem, page 56</p> <p>Organisational ethics, page 59</p> <p>Nominations Committee report, page 69</p> <p> Code of Ethics</p>

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Leadership, ethics and corporate citizenship (continued)

2.	<p>Organisational ethics: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p> <p>SPAR’s culture is informed by entrepreneurship, family values and passion in combination with the SPAR  Code of Ethics. The Board sets a leadership example by adhering to the relevant guidelines, regulations and benchmarks for good corporate governance and ethics. This includes adherence to the Universal Declaration of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.</p> <p>The Social, Ethics and Sustainability Committee oversees SPAR’s actions and, through its activities, promotes a positive impact on the Group’s stakeholders and the environment. The committee is responsible for monitoring and making recommendations in relation to the following:</p> <ul style="list-style-type: none"> • Social and economic development, including compliance with the United Nations Global Compact, the Organisation for Economic Co-operation and Development recommendations on corruption, the Employment Equity Act, No. 55 of 1998 and the Broad-based Black Economic Empowerment Act, No. 53 of 2003. • Good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, reduction of corruption, contribution to community development, sponsorship, donations and charitable giving, as well as mitigation of environmental and climate change risks, health and public safety risks and reputational and other related risks. • Consumer relationships, including advertising, public relations and compliance with consumer protection laws. SPAR has a customer care line, which directs complaints to the relevant distribution centres from where these are relayed to retailers. The distribution centres take ownership of complaints and are responsible for communicating with the relevant store managers to address any issues. • Labour and employment, including employment relationships and contributions towards the educational development of employees. This also includes compliance with standards such as the International Labour Organization Protocol on decent work and working conditions. Employee recruitment, onboarding and training interventions contain elements that relate to expected behaviours aligned to SPAR’s values and culture. Employees are encouraged to use the internal human resources grievance process to lodge any complaints against line management or colleagues. • Ethics management, including recognising the importance of all stakeholders while minimising the negative impacts and maximising the positive impacts of SPAR on the communities within which it operates. <p>The committee exercises oversight by reviewing the programme to monitor compliance with the SPAR Code of Ethics annually.</p> <p>The independent whistleblowing hotline provides a mechanism for stakeholders to report any ethics breaches. These are reported to the relevant Committees and appropriate action is taken where necessary.</p> <p>The Ethics Institute is currently undertaking an ethical culture and risk assessment for the Group. The survey was launched in November 2025, and the results will be presented to management and the relevant Board Committees in 2026.</p>	<p> Sustainability report</p> <p>Ethical business practices, pages 62–70</p> <p>Social, Ethics and Sustainability Committee report, pages 63–64</p> <p>Corporate culture, page 68</p> <p> Integrated annual report</p> <p>Organisational ethics, page 59</p> <p>Social, Ethics and Sustainability Committee report, pages 73–74</p> <p> Code of Ethics</p>
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Leadership, ethics and corporate citizenship (continued)		
<p>3.</p>	<p>Responsible corporate citizenship: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p> <p>SPAR’s vision positions the Group as a responsible corporate citizen: to be the first choice brand in the communities that we serve. Strong community focus is supported by SPAR encouraging entrepreneurship, living our family values and demonstrating passion in our leadership, as well as through our relationships. Where we can create authentic shared value, as per our sustainability pledge, we build our reputation as a good corporate citizen and strengthen the material relationships that enable value creation.</p> <p>Our strategic outcomes consider our internal and external interactions with stakeholders and the environment to support our commitment to being a responsible corporate citizen.</p> <p>Corporate citizenship is one of the elements monitored by the Social, Ethics and Sustainability Committee (see principle 3 above) and is based on SPAR’s stakeholder-inclusive approach.</p>	<p> Sustainability report Entire report</p> <p> Integrated annual report Our stakeholder universe, page 12 Progressing sustainability, page 54 Corporate citizenship, page 59 Social, Ethics and Sustainability Committee report, pages 73–74</p>
Strategy, performance and reporting		
<p>4.</p>	<p>Strategy and performance: The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.</p> <p>The Board provides overall guidance and direction for the development and annual review of the strategy, which articulates the key imperatives and enablers required to deliver on the Group’s outcomes. Progress in implementing the strategy is measured according to financial and non-financial indicators, combined with an enterprise risk management programme that considers SPAR’s entire value chain. SPAR’s resilient and responsible value chain reflects the core operational elements that drive our business that enable us to respond to market needs, deliver consistent service to retailers and create sustainable value.</p> <p>Our material relationships provide input into our business activities and help us mitigate the risks – including waste and resource depletion – associated with a distribution and wholesale business.</p>	<p> Sustainability report Driving sustainability, pages 14–32</p> <p> Integrated annual report Entire report</p>
<p>5.</p>	<p>Reporting: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance and its short, medium and long-term prospects.</p> <p>The Board takes responsibility for the full reporting suite, supported by internal and external assurance mechanisms. SPAR is guided by several local and international reporting frameworks, standards and guidelines, as well as regulatory requirements, in preparing the reports and disclosures contained in its interim and annual reporting suites.</p> <p> Our full reporting suite and archives are available on the SPAR website.</p>	<p> Sustainability report Our sustainability reporting approach, pages 2–6</p> <p> Integrated annual report Our reporting suite, page 1 Ensuring the integrity of this report, page 2 Materiality and the context of performance, page 18</p>

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Governing structures and delegation

<p>6.</p>	<p>Primary roles and responsibilities of the governing body: The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p> <p>The general powers of the Board and the directors are conferred in the SPAR Memorandum of Incorporation. The Board's terms of reference are set out in the Board Charter, which is reviewed annually by the Board. The charter sets out the powers and authority of the Board and provides a clear and concise overview of the roles and responsibilities of Board members. It sets out the responsibility of the Board to ensure a clear balance of power and authority of directors of the Board so that no single director has unfettered powers of decision-making.</p> <p>The Board works according to an annual Board work plan that ensures a structured and formal approach to governance. There are at least four formal Board meetings held per annum, with additional meetings scheduled as required. Board members receive ample context, reports and indicators and may also seek independent external professional advice at the cost of the Group, to ensure that the Group acts ethically, performs according to expectations, maintains necessary controls and is perceived as a responsible corporate citizen.</p> <p>Additional conversations between Board members are encouraged for updates or when pertinent decisions require further deliberation.</p>	<p> Sustainability report</p> <p>Sustainability governance, page 19 Sustainability risk management, pages 20–25</p> <p> Integrated annual report</p> <p>Reflections from our Chairman, pages 26–29</p> <p>Our governance structure, page 57</p>
<p>7.</p>	<p>Composition of the governing body: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p> <p>SPAR's core governance structure includes the Board and its committees. The wider governance ecosystem encompasses the Guilds and executive structures, divisional and territory boards and external assurance providers, who all assist the Board in discharging its governance role and responsibilities.</p> <p>The Board has a policy on promoting broader diversity at Board level. The Board promotes diversity through the diversity indicators of knowledge, skill, experience, age, culture, race and gender, and sets voluntary targets in respect of race and gender.</p> <p>An internally facilitated independence assessment is conducted annually by the Nominations Committee for each non-executive director who has served on the Board in excess of nine years. An externally facilitated, independent assessment will be conducted as required for directors serving on the Board in excess of nine years.</p> <p>The SPAR policy pertaining to Board appointments is implemented by the Nominations Committee. The committee ensures that there is an appropriate balance of diversity, skills and experience and independence within the Board's ranks to fulfil its mandate, including financial and sustainability roles and responsibilities. The committee continually assesses the effectiveness of the composition of the Board and its committees and, if it deems it necessary, recommends Board or committee changes to the Board for approval by the Board and shareholders (when required).</p>	<p> Integrated annual report</p> <p>Reflections from our Chairman, pages 26–29</p> <p>The SPAR Board of directors, pages 62–63</p> <p>Board composition and diversity, page 64</p> <p>Nominations Committee report, pages 69–70</p>

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Governing structures and delegation (continued)		
<p>8.</p>	<p>Committees of the governing body: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p> <p>The Board delegates specific roles and responsibilities to the Group CEO and the Board committees. Each committee has terms of reference, which are reviewed annually, and operates according to an annual work plan approved by the Board. In addition to the Board committees, there are executive committees, Guilds and divisional and territory boards.</p> <p>The Group CEO and chairs of each committee report at every Board meeting on all matters delegated by the Board. Diverse backgrounds and cross-membership between committees, including memberships of Guilds, ensure there is an appropriate balance in judgement and decisions taken. The committee reports contain details of membership, responsibilities, advisers, attendance and key focus areas.</p>	<p> Integrated annual report</p> <p>Our governance structure, page 57</p> <p>The work of the Board committees, page 65</p> <p>Individual committee reports, pages 66–82</p>
<p>9.</p>	<p>Evaluation of the performance of the governing body: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.</p> <p>Board and committee performance evaluations, led by the Nominations Committee through the Chairman of the Board, are conducted biannually. An assessment of the Board was conducted externally in 2025. The assessment confirmed that the Board was functioning effectively and was fulfilling its mandate.</p> <p>The assessment criteria are set by the Nominations Committee and include the effectiveness of the Board’s composition, governance processes and procedures, committees in discharging their mandates, executive directors and each director (including their individual contributions). The Chairman of the Board and committees present the results of the self-assessments to the Board.</p>	<p> Integrated annual report</p> <p>Board and committee evaluation, page 65</p> <p>Nominations Committee report, page 69</p>
<p>10.</p>	<p>Appointment and delegation to management: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p> <p>The SPAR governance bodies are all governed by a delegation of authority framework. The framework is reviewed annually and sets out the matters reserved for determination by shareholders, the Board and its committees, and those matters delegated to management and the executive committees.</p> <p>The Group CEO is accountable to the Board for daily management of the Group and co-ordinates implementation of Board policy and strategy through the executive committees. The Group CEO’s responsibilities include ensuring that the Group conducts its affairs within the rule of law and in line with its Code of Ethics, as well as keeping the Board informed in respect of all the Group’s major business proposals and developments, by way of specific reports, within limits set by the Board.</p> <p>The Nominations Committee is responsible for overseeing succession planning for the Group CEO and the rest of the executive management team.</p> <p>SPAR’s Company Secretary is a suitably qualified and experienced employee who can provide the Board with the requisite support for its efficient functioning and discharge of duties, including relevant advice on corporate governance.</p>	<p> Integrated annual report</p> <p>Our governance structure, pages 57–82</p> <p>Group Company Secretary, page 64</p> <p>Nominations Committee report, pages 69–70</p>

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Governance functional areas		
11.	<p>Risk governance: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p> <p>Risk is governed and managed through the Risk Committee. The committee oversees the Group's risk management, information technology and compliance processes to ensure that management identifies potential risks that may affect the Group strategically or operationally. It ensures implementation of effective policies and plans to mitigate any risks, enhance the Group's ability to achieve its strategic objectives and support its ethical conduct and good corporate citizenship.</p>	<p> Sustainability report</p> <p>Sustainability governance, page 19</p> <p>Sustainability risk management, pages 20–25</p> <p> Integrated annual report</p> <p>Materiality and the context of performance, page 18</p> <p>Managing our risks, page 23</p> <p>How our distribution centres power performance, page 51</p> <p>Audit Committee report, pages 66–68</p> <p>Risk Committee report, pages 71–72</p>
12.	<p>Technology and information governance: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p> <p>Technology and information at SPAR are governed through the Risk Committee mandate, which ensures that information technology (IT) is managed as an integral and strategic part of the business. The National IT Executive for each territory is responsible, together with executive management, for the implementation and execution of effective technology and information management. SPAR is going through a process to create a Group Technology Strategy and organisational structure.</p> <p>The IT strategy supports and enables the business strategy and delivers value through cost and resource management, risk management and regulatory compliance. Any significant IT investments form part of the budget process and are submitted to the Board for final approval. The Board subsequently oversees the return on investment from these projects</p>	<p> Integrated annual report</p> <p>An interview with our Group COO, pages 34–36</p> <p>Risk Committee report, pages 71–72</p> <p>Business Transformation Committee report, pages 75–76</p>
13.	<p>Compliance governance: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p> <p>SPAR's executive management is responsible for implementing and executing effective compliance management with oversight provided by the Risk Committee.</p> <p>A software solution is in place for all the South African distribution centres to assist in monitoring compliance with legislation and regulation within SPAR Southern Africa. SPAR continuously updates the regulatory universe and compiles frameworks to facilitate compliance with legislation. Given the vast regulatory landscape, this is being conducted using a risk-based approach.</p> <p>One Capital is SPAR's sponsor and advises the Board, through the Company Secretary, on compliance with the JSE Listings Requirements. Any changes to the JSE Listings Requirements or the Companies Act are reported to the Board through the Company Secretary's governance report. The Board also has access to the Head of Legal, who is supported by a bouquet of law firms, for any advice on legal matters relating to SPAR.</p>	<p> Sustainability report</p> <p>Tax management, page 67</p> <p>Food safety, pages 68–70</p> <p> Integrated annual report</p> <p>Progressing sustainability, page 54</p> <p>Audit Committee report, page 66–68</p> <p>Risk Committee report, page 71–72</p> <p> Annual financial statements</p> <p>Directors' report, page 8</p>

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Governance functional areas (continued)		
14.	<p>Remuneration governance: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.</p> <p>SPAR's employees are pivotal in meeting our strategic objectives. The Board is committed to paying fair, competitive and market-related remuneration to ensure that SPAR can attract, retain and motivate top-quality and talented employees.</p>	<p> Integrated annual report</p> <p>Explaining remuneration practices and outcomes, pages 77–97</p>
15.	<p>Assurance: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports..</p> <p>The Board relies on internal and external assurance providers for effective control in terms of SPAR's combined assurance policy and framework, including the three lines of defence, which the Audit Committee oversees.</p>	<p> Sustainability report</p> <p>Our reporting boundary, page 4</p> <p> Integrated annual report</p> <p>Ensuring the integrity of this report, page 2</p> <p>Audit Committee report, page 67</p>
Stakeholders		
16.	<p>In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p> <p>The Social, Ethics and Sustainability Committee has oversight of stakeholder engagement and monitors our stakeholder-inclusive approach.</p> <p>The SPAR Guilds also have social and ethics committees in place.</p> <p>We aim for decisions that actively seek to create and preserve value for all six capitals in our ecosystem – ensuring that the interests of our stakeholders are considered and well-balanced to promote the long-term sustainability of the entire system. Our commitment to creating authentic shared value is inherently linked to our values.</p>	<p> Sustainability report</p> <p>Stakeholder engagement, pages 26–32</p> <p>Social, Ethics and Sustainability Committee report, pages 63–64</p> <p> Integrated annual report</p> <p>Our stakeholder universe, page 12</p>