



Understanding our governance ecosystem

Our governance structure	Page 55
The SPAR Board of Directors	Page 58
The work of the Board committees	Page 62
Audit Committee report	Page 64
Nominations Committee report	Page 68
Risk Committee report	Page 70
Social, Ethics and Sustainability Committee report	Page 73
Business Transformation Committee	Page 76

This chapter introduces the SPAR Board and outlines our governance structures and practices. It includes reports from the various Board committees, providing insights into their roles and contributions to effective oversight and strategic direction.

Our governance structure

Building trust through accountability

The Board is satisfied that the governance structure is appropriate and the governance and authority frameworks provide clarity and contribute to effective control and performance.

Our corporate governance framework sets out the structures, processes and practices the Board uses to direct and manage the Group's operations. We comply with the Companies Act, the JSE Listings Requirements and King IV. Our business is conducted in good faith, prioritising the interests of the Group and its stakeholders.

King IV

The Board supports King IV's governance principles. SPAR's governance structures align with King IV's outcomes-based approach. We assess value creation through King IV's definition of corporate governance, emphasising ethical and effective leadership to achieve the prescribed governance outcomes.

The King IV disclosure matrix, available on our website at <https://thespargroup.com/resource-centre/governance/>, summarises SPAR's application of the principles.

The Board confirms that for the year ended 30 September 2024, the Group complied with the provisions of the Companies Act and operated in conformity with its Memorandum of Incorporation. The Board further confirms the application of the King IV Code of Corporate Governance.

Shareholders and other stakeholders

Board

Provides oversight of the management and governance of the Group.
Monitors executive management's performance.

Offers strategic direction and leadership in line with the Group's value system to ensure sustainability.

The Chairman is independent. He leads the Board, sets its ethical tone, ensures effectiveness, and upholds high governance standards.

The Group Company Secretary supports Board members by guiding them in fulfilling their responsibilities as directors.

Committees

The Board's committees support independent judgement, maintain a balance of power and aid in fulfilling Board responsibilities.

Committees are governed by a delegation of authority framework, reviewed annually, which specifies matters reserved for shareholders, the Board, and those delegated to management and executive committees.



Organisational ethics

Our ethics framework is guided by SPAR's Code of Ethics, which applies to all employees and directors. It is supported by policies on conflicts of interest, gifts, bribery, fraud prevention, information protection, technology use and workplace harassment.

The Social, Ethics and Sustainability Committee oversees organisational ethics on behalf of the Board.

We encourage reporting of suspected serious misconduct via the Tip-offs Anonymous hotline. This year, we received 55 reports (2023: 24), all of which were investigated. 12 reports related to independent SPAR stores were referred to them for action, while three concerning other SPAR International affiliates were directed accordingly. For the Group, 10 investigations are ongoing, three (2023: two) led to disciplinary action, and the rest were unfounded.

Additionally, four whistleblowing reports were received outside the hotline, leading to varying degrees of investigation, including some disciplinary actions and dismissals. Independent forensic teams are engaged where necessary to ensure thorough investigations and implementation of recommendations.

We also addressed reports through the internal grievance process and allegations of fraud not reported via the hotline, resolving all grievances and acting where misconduct was proven. The ethical culture assessment by The Ethics Institute will be conducted in 2025.

Tax management

We ensure ethical and effective tax management across all operations. The Board oversees the implementation of our tax policy and strategy through the Audit and Risk Committees, with our tax division managing risks and ensuring compliance. The tax policy is reviewed every two years, with the latest review in November 2023. We engage only in tax planning that supports genuine commercial activities, avoiding tax avoidance schemes.

Our tax governance, aligned with King IV, is based on five principles: zero tolerance for non-compliance, stakeholder value, reputational risk, corporate citizenship and strong communication with tax authorities.

Refer to the [sustainability report](#) for a detailed review of our tax rate and contributions.

Corporate citizenship

The Board, supported by the Social, Ethics and Sustainability Committee, reviews the Group's impact on stakeholders, society, the economy and the environment.

Key updates for the year included:

Human resources	Socio-economic development	Environment
<ul style="list-style-type: none"> • BBBEE: Retained our level 4 rating for the year • YES Programme: Involved 478 learners; continuation planned • Trade unions: Industrial action at one distribution centre; new negotiations underway • Employee development: Expanded training with a hybrid model • Transformation: Progress monitored with new management programmes 	<ul style="list-style-type: none"> • Strategy: Presented and discussed • Initiatives: Focus on GBV, workplace harassment policy, employee wellness and supplier development • Corporate social investment contributions: R20.3 million 	<ul style="list-style-type: none"> • Strategy: Updated for the coming year • Focus areas: Energy use, decarbonisation and sustainability initiatives • Reporting: Submitted CDP reports on climate change, water and forests

Further details are available in our [sustainability report](#).

The SPAR Board of Directors

Leadership that drives success

Non-executive directors

as at 30 September 2024

Mike Bosman (64)

Independent non-executive Chairman

BCom (Hons), LL.M – Cape Town
AMP – Harvard
CA(SA)

Mike offers expertise in entrepreneurship, finance, legal, and governance and brings strong leadership to the Board.

Appointed to the Board as Chairman: December 2022



RC B N

Shirley Zinn (63)

Independent non-executive director, Deputy Chair

BA, HDipEd, MEd – Western Cape
BEd (Hons) – UNISA
EdM, EdD – Harvard

Shirley provides business acumen, governance, people management, leadership, culture and HR skills.

Appointed to the Board: February 2023



SEC N RC

Liesbeth Botha (62)

Independent non-executive director

BEng (Electronics), MEng (Electronics) – Pretoria
PhD (ECE) – Carnegie Mellon

Liesbeth brings a wealth of knowledge in digital business transformation, innovation, digital upskilling, scientific research, AI, data analysis and technology leadership.

Appointed to the Board: February 2024



SEC R RC B

Pedro da Silva (56)

Independent non-executive director

BEcon, AMP – Harvard
EDP – IMD, Lausanne

Pedro adds business acumen, financial insight, dynamic growth strategies and expertise in retail and international markets.

Appointed to the Board: February 2023

Foreign resident based in Portugal



B R

Funke Ighodaro (61)

Independent non-executive director

BSc (Hons) – Salford
FCA – ICAEW
CA(SA)

Funke offers expertise in finance, legal, governance, risk, business, leadership and strategy.

Appointed to the Board: February 2024

Foreign resident based in UK



R B A

Marie Jamieson (64)

Independent non-executive director

BSSc Business (Hons) – Queen's Belfast
PGDip (International Management) – Teesside

Marie brings business acumen, strategic planning, brand marketing and communications expertise to the Board.

Appointed to the Board: February 2024



SEC B

A Audit Committee R Risk Committee SEC Social, Ethics and Sustainability Committee N Nominations Committee RC Remuneration Committee B Business Transformation Committee Chair


For comprehensive information on our directors' experience, skills, qualifications and other board memberships, visit our website at <https://thespargroup.com/about-us/board-of-directors/>.

Lwazi Koyana (56)
Independent non-executive director

BCom – Rhodes
BCompt (Hons) – Walter Sisulu CA(SA)

Lwazi brings finance, auditing, governance, retail and entrepreneurship skills.

Appointed to the Board: May 2019




SEC A R

Trudi Makhaya (46)
Independent non-executive director

BCom, BCom (Hons), MCom – Wits
MSc, MBA – Oxcon

Trudi contributes her knowledge of economics, business, governance and ESG.

Appointed to the Board: September 2023




R SEC

Sundeeep Naran (57)
Independent non-executive director

BSc (Mathematics)
CFA Charter

Sundeeep contributes financial, auditing and governance skills to the Board.

Appointed to the Board: February 2022



R N A

Executive directors as at 30 September 2024

Angelo Swartz (43)
Group CEO

Angelo adds his business acumen and knowledge of and experience in wholesale and retail.

Joined the Group in 2007

Appointed to the Board: October 2023

Appointed as Group CEO: 1 October 2023

The SPAR Guild of Southern Africa Chairman



B R

Mark Godfrey (59)
Group CFO

BComm – Port Elizabeth
CA(SA)

Mark contributes business acumen, financial, auditing and governance skills to the Board.

Joined the Group in 1996

Appointed to the Board: October 2010



R

Megan Pydigadu (50)
Group COO

BComm – Natal
HDipAcc – Wits
CA(SA)

Megan contributes her strengths in business acumen, finance, mergers and acquisitions, legal, governance and risk, business transformation, HR and IT.

Joined the Group in November 2023

Appointed to the Board: November 2023



B R

Interim Group Company Secretary

Neill O'Brien (70)

Joined the Group in September 2024

Neill is an admitted attorney with over 20 years of experience as the company secretary of several listed and unlisted companies.



Board changes during the year

Andrew Waller and Jane Canny resigned as independent non-executive directors effective 17 November 2023.

Effective 20 November 2023, SPAR appointed:

- Lwazi Koyana as interim Chairman of the Audit Committee
- Pedro da Silva as an interim member of the Audit Committee
- Trudi Makhaya as interim Chair of the Social, Ethics and Sustainability Committee

On 1 February 2024, Marie Jamieson and Liesbeth Botha were appointed independent non-executive directors. Marie has an extensive international strategic planning, marketing, and advertising background, having held leadership roles at TBWA and Absa. Liesbeth holds a PhD in electrical and computer engineering and has led digital transformation initiatives at PwC Africa, with a strong background in innovation, AI, and data analysis.

Funke Ighodaro was appointed as an independent non-executive director, effective 21 February 2024. With a wealth of financial expertise from roles at Old Mutual, Sabvest and Telkom SOC, Funke brings valuable experience to the Board.

Committee movements in February 2024:

- **Audit Committee:** Pedro da Silva stepped down as an interim member, Lwazi Koyana stepped down as interim Chairman but remains a member, and Funke Ighodaro was appointed Chair.
- **Social, Ethics and Sustainability Committee:** Marie Jamieson and Liesbeth Botha joined, with Trudi Makhaya appointed Chair.
- **Other Committees:** Liesbeth Botha also joined the Remuneration and Risk Committees, while Sundeep Naran joined the Nominations Committee.

- On 11 June 2024, the Board approved the formation of the Business Transformation Committee, to be chaired by Liesbeth Botha and with Mike Bosman, Pedro da Silva, Marie Jamieson, Megan Pydigadu and Angelo Swartz as committee members. The purpose of the committee is to oversee and provide guidance on all matters related to the transformation of the Group's business model, operations, processes, digital technology platforms and strategies.

Mark Godfrey will retire as Group CFO and executive director on 31 December 2024. The Board deeply appreciates his 29 years of dedicated service, particularly his financial oversight during challenging times.

Reeza Isaacs was appointed Group CFO designate, effective 1 November 2024, and will assume the role of Group CFO and executive director on 1 January 2025. Reeza, a qualified Chartered Accountant, previously served as Group Finance Director of Woolworths Holdings Limited. He brings extensive finance and leadership experience, including roles at Ernst & Young and Hyprop Investments.

The Board congratulates him on his appointment and looks forward to his contribution.

Board composition and diversity

as at 30 September 2024

The Group's Memorandum of Incorporation (MoI) defines the Board and directors' responsibilities. The Board's terms of reference are detailed in the Board charter, which is reviewed annually.

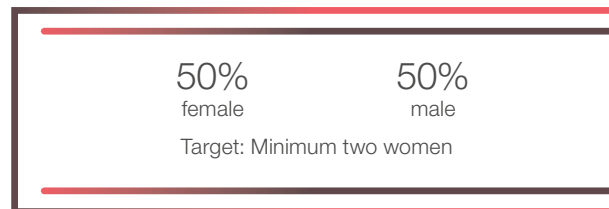
The Board charter outlines the Board's powers and authority and clarifies the roles and responsibilities of its members, ensuring no single director holds unfettered decision-making power. No material changes have been made to the charter.

To mitigate conflicts of interest, Board members annually update their general disclosure of personal financial interests as required by the Companies Act. At each Board or committee meeting, members are reminded to declare any material personal financial interests in contracts entered into or authorised by the Group.

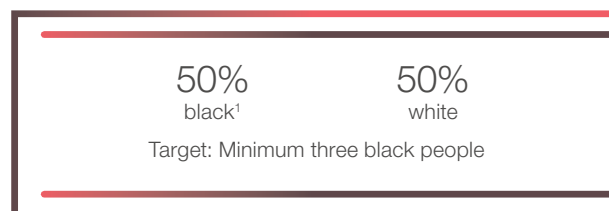
The Board has a policy on promoting broader diversity at the Board level. It sets voluntary targets for race and gender, and applies the diversity indicators of knowledge, skill, experience, age, culture, race and gender in all its appointments.

The Board considered and applied the policy and diversity indicators in all Board appointments made this year. Refer to pages 17 and 18 for more detail.

Gender diversity

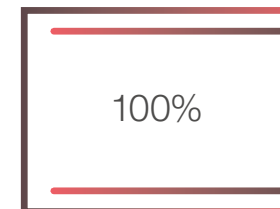


Race diversity

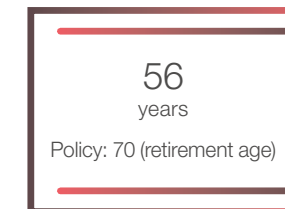


¹ Black as defined by the B-BBEE Act, No. 53 of 2003

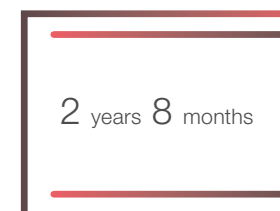
Independence



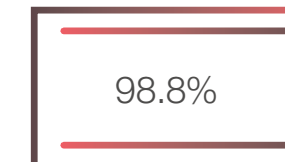
Average age



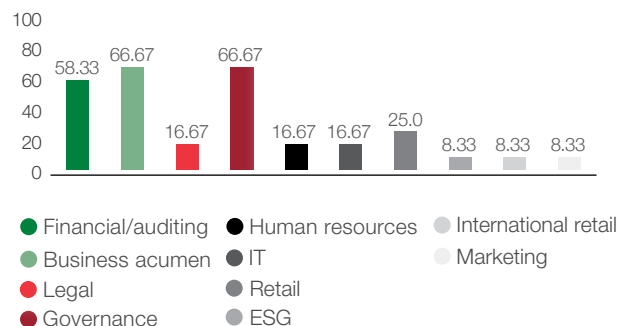
Average tenure



Board and committee meeting attendance



Skills and expertise (%)



The evolution of our Board and executive team is sharpening our focus on long-term success. As part of this, we have prioritised improving internal and external communication to strengthen our brand reputation. With this enhanced leadership and communication strategy, we are confident that the breadth of experience now steering SPAR will drive sustained value.

The work of the Board committees

Governance with purpose

The Board delegates specific roles and responsibilities to its committees but retains overall accountability.

Each committee is chaired by an independent non-executive director and operates under its terms of reference, which define its composition, roles, responsibilities, functions, and authority. The terms of reference for the committees are available on our website at <https://thespargroup.com/resource-centre/governance/>.

Committees report to the Board at each meeting and provide recommendations based on their terms of reference.

Occasionally, the Board may establish ad hoc committees with specific tasks, consisting of suitable Board members.

Meeting attendance

The Board values independent judgement and requires all members to prepare, participate and contribute at every meeting. The Group Company Secretary prepares meeting agendas according to approved annual work plans and in consultation with the respective chairs. Members receive relevant information on the Group's strategies, plans, and performance and are expected to allocate sufficient time for preparation.

The Board holds an on-site meeting at a distribution centre at least once a year to enhance non-executive directors' understanding of the Group's operating divisions. This year's meeting was held at the Western Cape distribution centre.

Director	Board	Audit Committee	Remuneration Committee	Nominations Committee	Risk Committee	Social, Ethics and Sustainability Committee	Business Transformation Committee
Number of meetings	11	4	4	4	3	4	1
Non-executive directors							
Mike Bosman	11		4	4			1
Shirley Zinn	11		4	4		4	
Liesbeth Botha ¹	9		3		2	3	1
Pedro da Silva ²	11	2			3		1
Funke Ighodaro ³	9	2			1		
Marie Jamieson ⁴	9					3	1
Lwazi Koyana ⁵	11	4			3	4	
Trudi Makhaya ⁶	9				3	4	
Sundeep Naran ⁷	11	4		3	3		
Executive directors and officers							
Angelo Swartz	11		4	4	3		1
Mark Godfrey	11		4		3		
Megan Pydigadu	11		4		3		1
Kevin O'Brien					3	3	

¹ Appointed to the Board, the Remuneration Committee, the Risk Committee and the Social, Ethics and Sustainability Committee on 1 February 2024.

² Interim member of the Audit Committee from 20 November 2023 to 22 February 2024.

³ Appointed to the Board effective 21 February 2024 and as Chair of the Audit Committee and member of the Risk Committee on 22 February 2024.

⁴ Appointed to the Board and the Social, Ethics and Sustainability Committee on 1 February 2024.

⁵ Interim Chairman of the Audit Committee from 20 November 2023 to 22 February 2024.

⁶ Appointed interim Social, Ethics and Sustainability Committee Chair on 20 November 2023 and as Chair on 22 February 2024.

⁷ Appointed to the Nominations Committee on 1 February 2024.

Committee evaluation

The committees' effectiveness is assessed through self-evaluation reviews conducted every two years. The last review was completed in 2023, and the next review is scheduled for 2025.

The Board is satisfied that the committees fulfilled their responsibilities under their respective terms of reference.

Group Company Secretary

All directors have access to the services and advice of our dedicated Group Company Secretary.

Shana Ashokumar resigned from the role, effective 31 August 2024, and the Board extends its thanks for her valuable contributions and best wishes for her future endeavours.

Neill O'Brien was appointed interim Group Company Secretary on 1 September 2024, having already begun assisting with company secretarial duties from 22 August 2024 to ensure a smooth transition.

The Board assessed his competency, qualifications, and experience and found him suitably qualified. As the Company Secretary is not a director of the Group, he maintains an arm's length relationship with the Board.

The Board is satisfied that the arrangements in place for providing it with access to corporate governance services are adequate.

Executive management

The Group CEO leads the implementation of approved strategies, policies and operational planning, and acts as the link between executive management and the Board. The Group CEO reports to the Board, which conducts an annual performance evaluation. The Group CFO and Group COO provide support.



There are five executive committees responsible for executing the Group's strategy and daily operations:

- SPAR Southern Africa Executive Committee
- BWG Group Executive Committee
- SPAR Switzerland Executive Committee
- SPAR Sri Lanka Executive Committee
- SPAR Poland Executive Committee (discontinued operation)

These committees include the respective CEO, CFO and any additional executive roles necessary for effective strategy execution.

A Steering Committee was established to oversee the SAP programme's progress and implementation in South Africa.



Audit Committee report

Building trust through rigorous oversight

The Audit Committee (the committee) presents its report for 2024 as per section 94(7)(f) of the Companies Act. The committee oversaw the implementation of control improvement plans to address control weaknesses uncovered during the previous financial year, and to remediate the SAP system implementation issues.

Committee governance

Role and responsibilities

The committee has specific statutory responsibilities to the Company's shareholders in terms of the Companies Act.

The committee supports the Board by advising on financial reporting, internal controls, internal and external audit functions, combined assurance and regulatory compliance, as defined by our annually reviewed terms of reference.

We receive feedback from the Risk Committee, Social, Ethics and Sustainability Committee of the Group, and the Audit Committees of the foreign subsidiaries.

Composition

As at 30 September 2024, the members of the committee were independent non-executive directors Funke Ighodaro (Chair), Lwazi Koyana and Sundeep Naran.

Permanent invitees are the Group CEO, CFO, COO, the outsourced internal auditor, external auditor and Group Company Secretary (who also acts as secretary of the committee).

The reconfiguration of the committee reflects a strong mix of financial and accounting expertise to fulfil our fiduciary duties. Shareholders appoint members based on recommendations from the Nominations Committee and the Board. The 2025 committee composition will be voted on at the 2025 AGM.

Evaluation

The committee undergoes a performance review every two years, with the last assessment conducted in 2023 and the next planned for 2025.

The Board is satisfied with the Audit Committee's performance and its ability to meet its responsibilities. The committee has the financial literacy, skills, and experience to perform its duties effectively.

Meetings

The committee conducted four formal meetings this year, an increase from the previous two meetings. This increase aligns with industry standards and enhances our capacity to address critical issues effectively.

Committee focus areas

- The Board worked effectively to ensure the smooth transition and changes to the membership of the Audit Committee.
- The committee oversaw the implementation of control improvement plans to address control weaknesses identified during the previous year.
- The poor implementation of the SAP system at the KZN distribution centre affected the Group's growth and operational efficiency in the short term. The Group is focused on addressing identified gaps to ensure a successful rollout across the rest of the Group.
- The committee considered the disposal of the Group's Polish operations and the optimisation of Group debt.
- The committee reviewed the Group's management results, assessing performance against budgets and prior year results and reviewing the underlying assumptions to ensure alignment with the Group's strategy and risk appetite.
- The Group's South African internal audit function was outsourced to EY in 2023. The Audit Committee reviewed audit findings and management action plans to address identified internal control gaps.
- The committee approved the external audit plan for the year and met with the auditors, reviewed and approved the annual financial statements and draft integrated annual report for recommendation to the Board.

External audit

PricewaterhouseCoopers Inc. (PwC) has served as SPAR's external auditor for seven years, with Thomas Howatt as the designated audit partner since 19 May 2020. The committee evaluated PwC and Thomas Howatt and found no concerns regarding their performance or independence based on audit quality indicators and regulatory criteria.

Thomas Howatt will rotate out as the designated audit partner in 2025. The committee recommended re-electing PwC for the 2025 financial year. After conducting interviews with suitable candidates, the committee recommended Pieter Pelcher as the designated audit partner to replace Thomas Howatt. These recommendations are included as a resolution for approval at the 2025 AGM, under section 61(8)(c)(i) of the Companies Act and paragraph 3.84 (g)(iv) of the JSE Listing Requirements. The committee satisfied itself that the external auditor, PwC, and its audit partner, complied with the suitability criteria for appointment as required in terms of paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements.

For external audit, the committee assessed independence and performance at each meeting, and reviewed documentation related to audit and non-audit services to ensure compliance with policies.

The committee reviewed the policy and controls related to non-audit services and found them satisfactory. The committee agreed the terms of engagement and fees for audit services provided by PwC, and reviewed the non-audit services provided, as detailed in note 3 of the annual financial statements.

The Chair met with the external auditor independently of management to discuss any concerns, and no issues were raised. We are satisfied that the external auditor is independent of the Group.

Key audit matters

Key audit matters identified by the external auditors are detailed in the annual financial statements. The matters which were most significant in the audit of the consolidated and separate financial statements, were discussed and agreed upon with management and presented to the committee.

While the auditors considered these issues in their overall audit and in forming their opinion, they did not issue a separate opinion on these specific matters. The committee considered the appropriateness of the key audit matters reported in the external audit opinion.

Internal audit

From the start of the 2024 financial year, the internal audit function was fully outsourced to EY, which had already been overseeing the Group's SAP programme as part of the IT audit. The committee approved the internal audit plan for 2024 and 2025 and evaluated the audit findings and audit plans and agreed timelines by management to address identified gaps.

The committee approved and recommended the internal audit charter to the Board. It confirmed that the function fulfilled its objectives, ensuring compliance with legal, regulatory and other obligations.



Internal controls

The directors are responsible for the Company's system of internal financial controls, which are designed to provide reasonable assurance regarding the reliability of financial statements, safeguard assets and prevent and detect misstatements and loss.

Committee statement

The committee is of the opinion that the Company's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements. This is based on the results of the formal documented review of the company's system of internal controls and risk management, including the design, implementation and effectiveness of internal financial controls conducted by the internal audit function during the financial year. It also considers information and explanations given by management and discussions with the external auditor on the results of the external audit assessed by the Audit Committee.

The Audit Committee's opinion is supported by the Board.

During the year under review, the committee considered control weaknesses identified from various reports received by the committee in the context of the overall effectiveness of internal controls. Where deficient controls or matters were raised, the committee reviewed the progress on remedial plans.

The committee confirmed that appropriate financial reporting procedures were in place and that those procedures are operating for all entities included in the consolidated Group IFRS financial statements and that financial information was available for accurate preparation and reporting.

Group CFO and finance function

The committee is satisfied that Mark Godfrey has the necessary expertise and experience for his role as Group CFO. It reviewed the expertise and resources of the Group's finance function and found them adequate, with the senior management members responsible for the Group function meeting the required experience standards.

Committee priorities

The committee will focus on enhancing oversight and effectiveness. We will improve scrutiny across the Group by enhancing transparency and adherence to standards, as well as addressing past reputational issues through clear guidelines and robust oversight mechanisms. Ensuring appropriate procurement practices are entrenched in the Group and reviewing how internal controls are improved, will also be on the radar. The focus on oversight and effectiveness will be supported by aligning SPAR's combined assurance process, internal audit plan, and external audit plan through a risk-based approach.

The committee will also ensure conflicts of interest are identified and mitigated effectively by fostering a culture of accountability and rigorous internal controls. Additionally, the committee will maintain strong oversight of the SAP system, including monitoring its implementation and addressing related performance and integration issues.

Managing significant transactions, such as asset sales and debt-raising activities, will be another priority. The committee will ensure these processes are handled with due diligence, particularly in assessing management assumptions and evaluating their impact on the Group.

Acquisitions will be closely scrutinised to ensure that associated risks are thoroughly evaluated and managed, including their impact on the Group's overall risk profile.

Finally, the committee will assist the Board in evaluating strategic decisions, including the SPAR's geographical presence and long-term strengths, and reviewing methods to enhance loyalty while continuing to support retailer profitability.

Thanks go to the members of the committee for their dedicated and constructive contributions to the committee's functioning.



Funke Ighodaro
Audit Committee Chair

27 November 2024

Nominations Committee report

Building leadership for a stronger future

Key focus areas included appointing new independent non-executive and executive directors, adjusting Board and committee structures, and updating succession plans. The committee also reviewed governance policies and addressed Board training needs.

Committee governance

Role and responsibilities

The Nominations Committee operates under its terms of reference, which are reviewed and approved annually by the Board. The committee oversees critical governance areas, including the nomination and election of Board members, succession planning for the Board and senior management, and evaluating the Board's performance.

Our responsibilities include setting criteria for Board positions, identifying suitable candidates, and recommending appointments based on diversity, skills and balance between executive, non-executive, and independent directors.

Additionally, the committee ensures succession planning for key positions such as the Chairman, Group CEO, Group CFO, Group COO, and Group Company Secretary.

We also oversee the induction and ongoing training of Board members, ensure the effectiveness of the Board and its committees, and evaluate the independence of non-executive directors. Human resources risks related to talent management are also a focus area.

Evaluation

The committee's effectiveness is reviewed biannually, with the most recent evaluation in 2023 and the next scheduled for 2025.

The committee is satisfied that it has fulfilled its responsibilities under its terms of reference.

Composition

As of 30 September 2024, the committee comprised independent non-executive directors Mike Bosman (Chairman), Shirley Zinn and Sundeeep Naran.

Details on members' qualifications and experience are available under the [SPAR Board of Directors](#) (page 58).

The Group CEO attends meetings by invitation to provide input as needed.

Meetings

The committee held four meetings during the year.

Members' attendance is detailed under [meeting attendance](#) (page 62).

Committee focus areas

- The appointments of Liesbeth Botha, Marie Jamieson, Trudi Makhaya, and Funke Ighodaro as independent non-executive directors were recommended and approved, alongside the executive appointments of Angelo Swartz, Megan Pydigadu and Reeza Isaacs.
- Mike Bosman was confirmed as Independent Non-Executive Chairman, and Shirley Zinn as Deputy Chair for the financial year. The Lead Independent Director role was discontinued as of 1 October 2023.
- Changes in the Board committees' composition were endorsed, including the addition of Sundeep Naran to the Nominations Committee. The re-election of Lwazi Koyana and Sundeep Naran as non-executive directors was recommended. The Board also approved the classification of only executive directors as the Group's prescribed officers.
- The succession plan was updated for key roles, including Deputy Chair, Group CFO, COO, and CEO, ensuring both external and emergency successors were identified. The committee confirmed the continuity plans for Board roles and emergency plans for senior management.
- The Board approved the committee's terms of reference and 2024 Annual Work Plan, as well as the revised Board appointment policy and powers and duties of directors.

Board diversity

The Board values diversity and has adopted a policy to guide its approach. A copy of the Board diversity policy is available at <https://thespargroup.com/resource-centre/company-policies/>. The committee reviewed this policy and is satisfied with the targets and the Board's diversity in skills, race and gender.

The voluntary targets include a minimum of three black people (as defined by the B-BBEE Act, No. 53 of 2003) and two women. [Board diversity statistics](#) are available on page 61.

Matters for shareholder consideration

In line with the Group's Mol, one-third of non-executive directors with the longest service since their last election must retire by rotation at each AGM. This year, three will retire and have offered themselves for re-election. The committee reviewed their independence and performance and recommends their re-election.

In compliance with the Companies Act, shareholders must elect the Audit Committee annually. The committee evaluated Funke Ighodaro, Lwazi Koyana and Sundeep Naran for their roles as independent Audit Committee members and recommends their appointment at the 2025 AGM.

Independence

The Board requires all directors to act independently in the Group's best interests. The committee annually assesses the independence of non-executive directors who have served over nine years, with external reviews every three years.

Currently, no director has served beyond nine years. Internal assessments confirmed that all independent non-executive directors continue to provide unbiased and valuable contributions, based on King IV principles.



Mike Bosman

Chairman of the Nominations Committee

Risk Committee report

Managing risk to build opportunity

The Risk Committee's 2024 report emphasises our efforts in improving risk management and identifying and managing the top business risks. Updates include enhanced reputational management and a review of the SAP implementation.

Committee governance

Role and responsibilities

The committee supports the Board by overseeing risk management, technology and information governance, and compliance governance, as outlined in its annually reviewed terms of reference.

Our responsibilities include ensuring that the Group effectively identifies and manages potential risks in these areas, implements robust policies and plans, and upholds ethical standards to support the Group's strategic objectives and corporate citizenship. We receive feedback on relevant matters from the Audit Committee and the Social, Ethics and Sustainability Committee.

Composition

As of 30 September 2024, the committee comprises independent non-executive directors Liesbeth Botha, Pedro da Silva, Funke Ighodaro, Lwazi Koyana (Chairman), Trudi Makhaya and Sundeep Naran, and executive directors Angelo Swartz, Mark Godfrey and Megan Pydigadu.

Details on members' qualifications and experience are available under the [SPAR Board of Directors](#) (page 58).

Permanent invitees to the committee meetings include the Group Risk Manager, Group Chief Information Officer, Group Internal Audit Manager, external auditor, and Group Company Secretary, who also serves as the committee secretary.

Meetings

This year, the committee increased its meetings from two to three annually, enhancing our ability to address critical issues effectively.

Members' attendance is detailed under [meeting attendance](#) (page 62).

Evaluation

The committee's performance is reviewed every two years, with the most recent evaluation in 2023 and the next scheduled for 2025.

We are satisfied with the outcome and confident that we have met our responsibilities in accordance with our terms of reference.

Committee focus areas

- An annual review of the Group insurance cover was presented to the committee. The committee is satisfied with the insurance risk cover of the business.
- Monitoring of key Group risks and opportunities.
- Oversight of the development of a roadmap to maturity for the risk and compliance process.
- Oversight of the close out of significant forensic investigations.
- Weaknesses in procurement controls were identified as the root cause of the majority of the forensic investigations. Controls were enhanced across South Africa to address weaknesses identified in the procurement process.
- Oversight of business continuity plans.
- A post-implementation review of SAP in KwaZulu-Natal was conducted to determine root causes of the issues experienced at the time of going live. Corrective action has been implemented from a governance, data migration and user training perspective. A separate warehouse management system, CSNX has been selected for all future implementations.
- Reputation management efforts focused on positive media coverage of our strategic direction, debt management, and the Polish exit, contributing to the Group's strong public image.

Risk governance

An ERM policy and framework are in place, in line with King IV recommendations. Megan Pydigadu, the Group COO, oversees the implementation of the risk management process with executive management.

The Group Risk Structure and a supporting framework have been finalised. The risk roadmap to 2025 includes:

- Identifying key risk indicators (KRIs) and developing combined assurance plans for high priority business risks
- Quarterly monitoring and reviewing of risk registers by territory and functional executives
- Establishing proactive risk management practices within management committees at the various levels and conducting strategic risk workshops
- Aligning functional risk registers with the Group's key business risks and assessing mitigation effectiveness

Compliance

Executive management is responsible for effective compliance management. The regulatory universe has been updated, with legislation owners assigned and frameworks in the process of being developed for the high-risk legislations.

IT governance

The Chief Information Officer in each country, alongside executive management, ensures effective technology and information management. We oversee the revamping of the IT strategy to align with the Group strategy, supported by a risk tolerance framework. This involves monitoring and mitigating significant IT-related risks and assessing opportunities that impact SPAR's products and services.

In the IT and data management realm, we have overseen progress in addressing issues related to the SAP implementation and are exploring improved warehouse management systems. We have also developed a comprehensive data map and are finalising data usage agreements, which are integral to our broader IT strategy revamp.

Cyber risk is one of the high-level risks that the committee is concerned about. We considered cost-effective cover for the Group related to cyber risk.

Strategic risks and opportunities

The committee reviewed the Group's top business risks and opportunities together with risk owners, root causes and mitigation plans. The top risks are outlined from the next page.



Lwazi Koyana
Risk Committee Chairman

Top 10 strategic risks

Ranking	Strategic risk description	Mitigations	Ranking	Strategic risk description	Mitigations
1	Decrease in retailer loyalty that impacts on wholesale profitability	<ul style="list-style-type: none"> Ensuring access to data to identify reasons for purchases outside of the wholesaler system Ensuring house brand strategy is in place to target retailer profitability 	6	Loss of market share due to lack of innovation and non-timeous digital transformation as a result of the lack of the use of data for insights and e-commerce initiatives resulting in decreased revenue	<ul style="list-style-type: none"> IT forum established to share information and innovation across territories Digital transformation strategy in place which seeks to address revenue and income growth and drive efficiencies across the supply chain
2	Decline in independent retailer profitability	<ul style="list-style-type: none"> Implementing different store formats and market segmentation, with clear price strategies per format Ensuring house brand strategy is in place to ensure value proposition for the end consumer 	7	Damage to the SPAR brand as a result of independent retailer model and negative retailer actions such as compromised food safety standards leading to a loss of consumers	<ul style="list-style-type: none"> Well established PR and reputational risk capabilities in place Pro-active stance toward managing brand reputation All territories have a robust food safety programme in place
3	Sub-optimal SAP rollout to the remaining business leading to business disruption and negative impact on financial performance and business efficiency	<ul style="list-style-type: none"> Ensuring gaps in previous governance processes have been addressed A new rollout plan has been approved which is less risky due to going live for one of the smaller divisions within SPAR Oversight by third party assurance providers Focus on change management and user training 	8	Negative financial impact as a result of having to fund losses relating to the Group's exit from Poland	<ul style="list-style-type: none"> Sale agreement with the purchaser has been signed Anti-monopoly approval obtained Weekly monitoring of MAC clauses and performance of business
4	Suboptimal allocation of capital and use of Balance Sheet resulting in declining returns for shareholders	<ul style="list-style-type: none"> Investments viewed against WACC and returns superior to WACC Property and credit committees established to evaluate the use of capital 	9	Resistance to changing business processes to enable tangible contribution to environmental, sustainability and socio-economic development initiatives resulting in the failure of the Group ESG strategy	<ul style="list-style-type: none"> Target ESG strategy adopted TCFD Scenario planning completed CDP: carbon, water and forestry completed for the Group Transformation, sustainability policies in place Carbon, water and forestry targets in place Monitoring of International Labour standards in place Signed commitment to The SA Plastic Pact and SA Food Loss and Waste initiative
5	Business disruption due to a cyber security breach resulting in lost revenue	<ul style="list-style-type: none"> Penetration testing is performed on an ongoing basis Software is in place to monitor security threats and potential breaches Assessments performed by independent service provider to assess cyber security risk across all territories and remedial action taken 	10	Inability to sustain revenue and profit growth due to the downturn in the global economy, geo-political issues, socio economic conditions and country infrastructure challenges (water and electricity) resulting in decreased shareholder returns	<ul style="list-style-type: none"> Development of local, in country strategies to ensure sustainability Greater focus on capital allocation and reviewing returns Increased focus on credit management, cost management and turnover growth

Social, Ethics and Sustainability Committee report

More purpose for a sustainable future

The Social, Ethics and Sustainability Committee presents its report for the 2024 financial year in line with the Companies Act. This year, the focus was on strengthening internal processes and aligning Group initiatives with best practices to ensure effective oversight of social, ethical and sustainability functions.

Committee governance

Role and responsibilities

The Social, Ethics, and Sustainability Committee supports the Board in overseeing the Group's ethics, corporate citizenship, environmental risks, sustainability initiatives, and stakeholder relationships. This responsibility is defined in the committee's terms of reference, which are reviewed and approved annually by the Board.

We ensure that the Group's sustainability performance aligns with being a responsible corporate citizen, fostering a culture of ethical conduct, and balancing the needs of the business with the interests and expectations of all stakeholders. Regular feedback on these matters is received from the audit, risk, and social and ethics committees of the SPAR Guild and Build it Guild of Southern Africa.

Composition

As of 30 September 2023, the committee consists of independent non-executive directors Shirley Zinn, Liesbeth Botha, Marie Jamieson, Lwazi Koyana and Trudi Makhaya (Chair).

Details on members' qualifications and experience are available under the [SPAR Board of Directors](#) (page 58).

Permanent invitees include the Board Chairman, Human Resources Executive, and Group Company Secretary, who also serves as the committee's secretary. These invitees attend all committee meetings throughout the year to provide additional insights and expertise.

Meetings

The committee met three times during the financial year. The increase from two to three annual meetings enables the committee to better address emerging sustainability and ethics-related challenges.

Members' attendance is detailed under [meeting attendance](#) (page 62).

Evaluation

The committee undergoes a performance review every two years, with the last assessment conducted in 2023 and the next planned for 2025.

The Board is satisfied that the committee has the necessary skills, knowledge and experience to continue its governance duties effectively.

Committee focus areas

- The ESG Strategy was expanded with clear timeframes, accountable teams and financial requirements. Integration with the CSRD framework was prioritised to ensure comprehensive alignment.
- Implementation of a dashboard is underway to consolidate information across territories, aligned with the JSE Disclosure Guidance.
- The rural hub supplier development programme was expanded, and socio-economic development projects were scaled up. The committee also reviewed environmental impacts, including the quantification of carbon tax and sustainable procurement practices.
- A new supplier entertainment and engagement policy was defined, including the drafting and review of an updated entertainment policy. The gifts policy was finalised and implemented, and the stakeholder engagement policy was reviewed, leading to the development of a tailored engagement strategy for each territory.
- HR risks were addressed, ensuring that B-BBEE and EE risks were incorporated into risk reports. These risks were added to Risk Committee agendas to support the ongoing regulatory review process.

The committee has transitioned from a traditional CSI approach to a systems-focused perspective. We are now empowering management to form strategic partnerships aligned with our sustainability goals and developing dashboards that integrate policies with business activities. Our aim is to embed sustainability into all operations and shift business thinking to prioritise it as a source of competitive advantage.

Policy review and compliance

Over the past year, ten key policies were reviewed and approved by the committee. These policies reflect the business's current progress and are aligned with the overarching strategy that is being developed.

As we bed down the strategy, further policy alignment will take place, particularly in the context of double materiality, which is a major focus going forward.

Whistleblowing and governance

The committee has dedicated significant time to addressing whistleblowing and governance-related grievances, which had been a persistent issue in the past. A backlog of whistleblowing reports was addressed with management, and we engaged external service providers to independently review the most material cases. Through this process, we ensured independent assessments were made by reputable law and auditing firms.

Actions were taken where necessary, and key governance concerns were resolved. As a result, the committee is confident that these issues are now under control, with two committees actively monitoring reports.

In addition to addressing grievances, we introduced a few policy changes, such as the implementation of a new gift policy, capping gifts at R1 000 to avoid conflicts of interest.

The ethical culture assessment by The Ethics Institute will be done in 2025.

ESG initiatives

Several ESG initiatives have been successfully implemented this year, with a focus on ending GBV, women's empowerment, and socio-economic development. Notable achievements include the launch of a sanitary product initiative and the support of rural hubs through procurement by branded labels.

While these initiatives are commendable, the committee recognises the need to prioritise, consolidate, and scale them to ensure greater impact. Our goal is to support these initiatives by integrating them into the broader business strategy while ensuring their sustainable impact can be measured effectively.

Women empowerment remains a core focus, and we are proud of the work done in areas such as GBV, women in sport and locally produced, sustainable sanitary products. These efforts, spearheaded by dedicated individuals within the Group, reflect our ongoing commitment to uplifting women and addressing critical issues affecting their well-being.

Moving forward, we aim to amplify the success stories and ensure that our work in women's empowerment becomes a key narrative in our sustainability efforts.

Transformation and employment equity

The committee oversaw the revision and approved the Group's employment equity plan.

We have now decentralised the discussion of transformation and B-BBEE performance to the divisional level, providing a more granular view of progress. This approach allows us to better monitor and address specific challenges, driving more effective transformation outcomes across the Group.

Environmental initiatives and metrics

This year, our primary focus has been the enhancement of our methods for measuring environmental impact. We have successfully established robust metrics and baselines in South Africa. However, we face challenges at the Group level, especially in regions with less developed environmental data collection practices.

The committee has begun discussing adopting EU standards, specifically the CSRD, and integrating double materiality assessments into our future reporting framework. This will be a significant area of focus next year, as we seek to align the entire Group with global best practices.

Stakeholder engagement

A new stakeholder management policy is under development and is expected to be tabled for approval early in 2025. This policy aims to formalise our approach to stakeholder engagement, ensuring that the right stakeholders are targeted with appropriate messaging. This will enhance our communication and collaboration with critical stakeholders, further aligning our actions with their expectations.

Fulfilment of mandate and commitments

At the end of each year, the committee conducts a comprehensive review of its work plan to ensure that it has fulfilled its mandate in line with the terms of reference and regulatory requirements. The self-assessment process ensures we remain diligent and proactive in meeting our commitments. Based on this assessment, we are confident that we have effectively fulfilled our obligations for the past year.



Trudi Makhaya

Social, Ethics and Sustainability Committee Chair

Business Transformation Committee

Transforming today for a stronger tomorrow

The Business Transformation Committee presents its first report, which is for the 2024 financial year. The committee works closely with other committees to ensure comprehensive oversight, provide strategic direction, monitor progress and hold management accountable for effectively executing SPAR's transformation.

Committee governance

Role and responsibilities

The Board approved the formation of the Business Transformation Committee on 1 June 2024. The committee operates under a terms of reference, which the Board also approved. The committee's main function is to oversee and provide guidance on all matters related to transforming SPAR's business model, operations, processes, digital technology platforms and strategies.

The committee's responsibilities also include approving the business transformation roadmap, monitoring the implementation of transformation initiatives, evaluating the effectiveness of change management processes and reviewing the risks associated with the transformation process to ensure that appropriate risk management strategies are in place.

Composition

As of 30 September 2024, the committee was made up of six members, comprising four independent non-executive directors and two executive directors. Independent non-executive directors are Mike Bosman, Liesbeth Botha (Chair), Pedro da Silva and Marie Jamieson. Executive directors are Angelo Swartz and Megan Pydigadu.

Details of members' qualifications and experience are available under the [SPAR Board of Directors](#) (page 58).

Meetings

The committee held its first meeting during the year.

Members' attendance is detailed under [meeting attendance](#) (page 62).

Evaluation

The committee's effectiveness will be reviewed biannually, with the first evaluation scheduled for 2025.

Committee focus areas

- Enhancing operations by improving processes and transforming SPAR's operating model to align with best practice standards.
- Guiding SPAR's digital transformation by focusing on system upgrades and technology integration and overseeing the development and implementation of a master data project to transform data into a strategic asset.
- Modernising SPAR's culture to support ongoing change and development, supporting employee engagement and ensuring alignment with strategic goals. Evaluating and guiding change management processes across the Group.
- Reviewing and improving SPAR's branding and marketing strategies to maximise value for retailers.

SPAR has a history of over 60 years with a well-established way of working. However, while the Group has experienced organic growth in the past, it is clear that SPAR must evolve to meet the demands of the current and future retail environment. We are embarking on a transformation journey with a clear vision to modernise SPAR, ensuring it is fit for future growth.

Target operating model transformation

The committee oversees the work of adapting SPAR's target operating model to ensure long-term success. We are reviewing the balance between centralised and decentralised functions to optimise efficiency and value. This transformation aims to reduce costs and enhance competitiveness.

Digital transformation, system integration and the master data project

The committee oversees SPAR's digital transformation, including system upgrades and technology integration, to stay competitive in the technology-driven retail environment and better serve our retailers and customers. The master data project is central to SPAR's digital transformation. The committee views data as a strategic asset, using multichannel systems to gather and analyse customer and merchandising data. This has and will continue to provide insights to improve sales and retailer relationships.

Cultural transformation and change management

The committee is working on modernising SPAR's culture to embrace change, ensuring the workforce aligns with SPAR's vision. We will implement structured change management processes to support employees.



Liesbeth Botha

Business Transformation Committee Chair