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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to shareholders that the annual general meeting (AGM) of The SPAR Group Ltd (the company) is scheduled to be held via electronic medium and in the company's boardroom, 22 Chancery Lane, Pinetown, Durban, South Africa, on Tuesday, 15 February 2022 at 09:00 to consider and, if deemed appropriate, approve with or without modification, the ordinary and special resolutions as set out in this notice of AGM (notice) and deal with such other business as may lawfully be dealt with at the AGM.

In light of the COVID-19 pandemic and preventative measures required to be adhered to relating to the pandemic as issued by the South African government from time to time, the company has determined that a hybrid AGM will take place allowing investors to participate by either electronic communication or in person at the company's registered office. Accordingly, the AGM will also be accessible through electronic communication, as permitted by the JSE Limited and in accordance with the provisions of the Companies Act (the Act) and the company's MOI and any reference in this notice to 'present in person or represented by proxy' shall also include a reference to a person who is present in person (or able to participate in the AGM by electronic communication) or represented by proxy (which proxy is present in person or able to participate in the AGM by electronic communication).

The company has secured the services of The Meeting Specialist (Pty) Ltd (TMS) to remotely host the AGM on an interactive electronic platform, in order to facilitate remote attendance, participation and voting by shareholders. The transfer secretaries, JSE Investor Services (Pty) Ltd, have been retained to act as scrutineer for purposes of the AGM.

Although voting will be permitted by way of electronic communication, shareholders are encouraged to make use of proxies for purposes of voting at the AGM.

**Irrespective of whether a shareholder is attending the meeting in person from the registered office of the company or electronically, all shareholders are required to register and vote via the electronic platform. To this end, all shareholders participating in the meeting, either in person or electronically, must have an internet-enabled device (e.g. phone, laptop or a desktop) capable of browsing to a regular website.**

**Arrangements with regard to the electronic meeting are detailed in the meeting guide for shareholders: How to access the virtual AGM section of this document.**

If you are in any doubt about the action you should take, consult your broker, central securities depository participant (CSDP), banker, financial advisor, accountant or other professional advisor immediately.

### ORDINARY BUSINESS

Shareholders will be requested to consider and, if deemed fit, to pass (with or without modification) the following ordinary resolutions.

The percentage of voting rights required for the adoption of each ordinary resolution alongside is the support of more than 50% of the voting rights exercised on the resolution at a properly constituted meeting of the company's shareholders:

#### **Presentation of the annual financial statements**

To present the annual financial statements for the year ended 30 September 2021, incorporating the directors' report, Audit Committee report and independent auditor's report, in accordance with section 61 of the Act.

To present the report of the Social and Ethics Committee on the matters within its mandate, in accordance with regulation 43 of the Act.

The company's annual financial statements are available on the company's website at <http://investor-relations.spar.co.za>, and the report of the Social and Ethics Committee is set out on pages 140 to 142 of the integrated annual report of the company.

#### **Ordinary resolution number 1 – Appointment of independent non-executive director**

“Resolved that Sundeep Naran is hereby appointed as an independent non-executive director of the board effective 15 February 2022.”

The Nominations Committee conducted an assessment of the eligibility of Sundeep Naran as a member of the board of directors (board), and the board accepted the results of the assessment. Accordingly, the board recommends his appointment to shareholders.

Sundeep's brief *curriculum vitae* can be found on page 114 of the integrated annual report, of which this notice forms part.

#### **Ordinary resolution number 2 – Confirmation of appointment of independent non-executive director**

“Resolved that the appointment of Jane Canny effective 1 May 2021, be and is hereby confirmed.”

The Nominations Committee conducted an assessment of the eligibility of Jane Canny as a member of the board, and the board accepted the results of the assessment. Accordingly, the board recommends that the shareholders confirm her appointment.

Jane's brief *curriculum vitae* can be found on page 98 of the integrated annual report, of which this notice forms part.

#### **Ordinary resolution number 3 – Re-election of non-executive directors retiring by rotation**

It is recorded

- That Harish Mehta, Phumla Mnganga and Lwazi Koyana retire as independent non-executive directors of the company in terms of the company's Memorandum of Incorporation (MOI)
- That Harish, although being eligible, does not offer himself for re-election and will retire as an independent non-executive director with effect from the conclusion of the AGM
- That Phumla and Lwazi, being eligible, offer themselves for re-election

“Resolved, each by way of a separate vote, that Phumla Mnganga and Lwazi Koyana are hereby re-elected as independent non-executive directors of the company.”

The Nominations Committee conducted an assessment of the performance and independence of Phumla and Lwazi, and the board accepted the results of the assessment. In addition, Phumla's independence was confirmed in terms of an external independence assessment conducted during the year, due to her serving more than nine years on the board. Accordingly, the board recommends both their re-elections to shareholders.

Brief *curricula vitae* for Phumla and Lwazi can be found on pages 98 and 96 of the integrated annual report of which this notice forms part.

#### **Ordinary resolution number 4 – Re-election of the independent external auditor**

“Resolved, each by way of a separate vote, that PricewaterhouseCoopers Incorporated be re-elected as the independent external audit firm of the company, and that Thomas Howatt be appointed as the designated individual audit partner, to hold office for the ensuing financial year.”

The Audit Committee considered the suitability of the external audit firm and designated audit partner, considering paragraph 3.84(g)(iii) read with paragraph 22.15(h) of the JSE Listings Requirements, and the indicators set out under section 22 of the JSE Listings Requirements. Having satisfied itself that they continue to meet the independence, and skills and expertise requirements for the audit, the Audit Committee recommends that PricewaterhouseCoopers Incorporated and Thomas Howatt be appointed as independent auditor and designated audit partner, respectively.

**Ordinary resolution number 5 – Election of the members of the Audit Committee**

“Resolved that the following independent non-executive directors be and are hereby elected, each by way of a separate vote, as members of the Audit Committee of the company with immediate effect, until the conclusion of the next AGM of the company:

- Marang Mashologu
- Lwazi Koyana, subject to the adoption of the proposed ordinary resolution number 3
- Sundeep Naran, subject to adoption of the proposed ordinary resolution number 1
- Andrew Waller (chairman)”

**REASON AND EFFECT**

Shareholders are required to annually elect the Audit Committee at each annual general meeting of the company, in accordance with the Act.

The board recommends the appointment of Lwazi to replace Harish as member of the Audit Committee, due to the retirement of Harish from the board.

The board further proposes the appointment of Sundeep Naran as an additional member of the committee, subject to the shareholders approving his appointment to the board as an independent non-executive director. This would allow for sufficient succession planning and to mitigate the risk of the membership of the committee ever falling below the statutory minimum number of members required, in the event of any resignations.

The Nominations Committee assessed the suitability of each member, taking into consideration independence, performance, and skill and expertise requirements, and the board accepted the results of the assessment. Accordingly, the board recommends their election as members of the Audit Committee to shareholders.

Brief *curricula vitae* for Marang, Lwazi, Sundeep and Andrew can be found on pages 97, 96, 114 and 98 of the integrated annual report of which this notice forms part.

**Ordinary resolution number 6 – Authority to issue shares for the purpose of share options**

Note: The SPAR Group Ltd Employee Share Trust (2004) (the Trust) scheme closed in 2014 for the issuing of further share options, and option holders have 10 years from date of issue to exercise their option rights.

Pursuant to the granting of share options by the Trust, and in the event of any option holders exercising their rights thereto, authority is sought to place the issuing of the necessary shares under the control of the directors.

“Resolved that such number of the ordinary shares in the authorised but unissued capital of the company required for the purpose of satisfying the obligations of the Trust to option holders, be and is hereby placed under the control of the directors, who are hereby, as a specific authority, authorised to issue those shares in terms of the Trust deed.”

**REASON AND EFFECT**

This resolution is required to facilitate, in terms of the requirements of the MOI, the issue of the requisite number of ordinary shares to the Trust to enable it to meet its obligations to holders of the relevant share options when such options are exercised.

**Ordinary resolution number 7 – Authority to issue shares for the purpose of the CSP**

“Resolved that such number of the ordinary shares in the authorised but unissued capital of the company, required for the purpose of The SPAR Group Ltd Conditional Share Plan (CSP), be and is hereby placed under the control of the directors, who are hereby, as a specific authority, authorised to issue those shares in terms of the rules of the CSP.”

## REASON AND EFFECT

This resolution is required to facilitate, in terms of the requirements of the MOI, the issue of the requisite number of ordinary shares in terms of the rules of the CSP. The intended settlement method of the CSP is a market purchase of shares, which will result in no dilution to shareholders. However, the rules of the CSP are flexible to allow for settlement by way of a market purchase of shares, the use of treasury shares, or the issue of shares. This resolution, if passed, will facilitate an award under the CSP being made by an issue of shares if, for whatever reason, this least preferred settlement method is used.

The company has not previously had to resort to a fresh issue of shares for these purposes.

### **Ordinary resolution number 8 – Non-binding advisory vote on the remuneration policy**

“Resolved that, by way of a non-binding advisory vote, the remuneration policy of the company, as contained in the Remuneration Committee report, be and is hereby endorsed.”

Should 25% or more of the votes cast be against this non-binding advisory resolution, the Remuneration Committee undertakes to engage with shareholders as to the reasons therefore. It undertakes to make recommendations based on the feedback received.

The remuneration policy report can be found on pages 117 to 127 of the integrated annual report of which this notice forms part.

### **Ordinary resolution number 9 – Non-binding advisory vote on the remuneration implementation report**

“Resolved that, by way of a non-binding advisory vote, the remuneration implementation report of the company, as contained in the Remuneration Committee report, be and is hereby endorsed.”

Should 25% or more of the votes cast be against this non-binding advisory resolution, the Remuneration Committee undertakes to engage with shareholders as to the reasons therefore. It undertakes to make recommendations based on the feedback received.

The remuneration implementation report can be found on pages 128 to 133 of the integrated annual report of which this notice forms part.

## **SPECIAL BUSINESS**

Shareholders will be requested to consider and, if deemed fit, to pass (with or without modification) the following special resolutions.

The percentage of voting rights required for the adoption of each special resolution is the support of at least 75% of the voting rights exercised on the resolution at a properly constituted meeting of the company’s shareholders:

### **Special resolution number 1 – Financial assistance to related or inter-related parties**

“Resolved that directors of the company, in terms of provision 45 of the Companies Act, No. 71 of 2008 (as amended) (Companies Act), be and are hereby authorised to cause the company to provide any financial assistance, whether by lending money, guaranteeing a loan or other obligation and/or securing any debt or obligation, to any of its subsidiary companies or other related or inter-related companies or persons, during the period from 1 March 2022 to 28 February 2023.”

**REASON AND EFFECT**

This resolution is required to comply with the requirements of section 45 of the Companies Act, which provides that a special resolution is required to provide such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category.

**Special resolution number 2 – Non-executive directors' fees**

2.1 "Resolved that the exclusive of VAT (if applicable) annual fees payable to non-executive directors of the company for their membership to the board and its committees for the 12-month period from 1 March 2022 to 28 February 2023, be and are hereby approved, as follows:

	Current R	Proposed R
<b>Board</b>		
Chairman (including his participation in all committees)	1 685 000	1 769 250
Lead independent (including his participation in all committees)	1 300 000	1 365 000
Member	489 000	513 450
<b>Audit Committee</b>		
Chairman	274 000	328 000
Member	132 000	158 000
<b>Risk Committee</b>		
Chairperson	161 000	193 000
Member	114 000	136 000
<b>Social and Ethics Committee</b>		
Chairperson	157 000	188 000
Member	103 000	122 000
<b>Remuneration Committee</b>		
Chairman	157 000	188 000
Member	102 000	122 000
<b>Nominations Committee</b>		
Chairman	157 000	188 000
Member	102 000	122 000

2.2 "Resolved that an exclusive of VAT (if applicable) fee of R300 000 per annum be payable to non-executive directors for their membership to the IT Steering Committee for the 12-month period from 1 March 2022 to 28 February 2023."

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

**REASON AND EFFECT**

This resolution is required to comply with the requirements of sections 65(11)(h) and 66(9) of the Companies Act, which provide that a special resolution is required to authorise the basis for compensation to directors of a profit company.

The fees for non-executive directors were last benchmarked in 2019, and inflationary increases were implemented in the interim period. It was decided to resume a benchmarking exercise in the current year given the company's significant growth in complexity. The committee reviewed the fees for non-executive directors against the Institute of Directors in South Africa's (IODSA) Non-Executive Directors' Fees Guide and PwC's Non-executive directors: Practices and remuneration trends report in terms of percentile and reference group. The reference group is a group comparable to SPAR in terms of market capitalisation and included sector competitors.

The exercise revealed that while fees for the board roles were largely aligned, those for the various committees had lagged and were significantly below the industry norms. The recommendation is to align the board committee fees to the IODSA's benchmark on large capital enterprises at the 50 percentile level. However, as this would have required a large adjustment at this time, it is recommended that these fees be adjusted in a phased approach over the next few years.

The fees for the board roles are proposed to be increased by an inflation factor in 2022.

The board recognises the need to have non-executive member representation with specialised IT skills on the IT Steering Committee, for the duration of the SAP programme implementation, given the risks relating to this project. The introduction of a fee payable to non-executive directors for their membership to the IT Steering Committee is accordingly recommended for approval.

The board also recommends the payment of a daily fee to its members for their attendance at any *ad hoc* meetings of the board and committees that may be required during the year.

## **To transact such other business as may be transacted at an AGM**

### **RECORD DATE**

The record date set by the board to determine which shareholders are entitled to:

- Receive this notice is Friday, 10 December 2021 (the date on which a shareholder must be registered in the company's securities register to receive this notice).
- Participate in, and vote at, the AGM is Friday, 4 February 2022. Accordingly, the last day to trade for a shareholder to be eligible to vote at the AGM is Tuesday, 1 February 2022.

### **COVID-19 PROTOCOLS**

The following COVID-19 protocols will be observed at the AGM:

- Do not attend the meeting if you are unwell, have a fever, cough or respiratory symptoms
- Undertake regular preventative measures such as cough etiquette and regular handwashing and sanitising
- A COVID-19 visitors form will be completed upon arrival, and your temperature will be taken; should your temperature exceed 37.3°C, entrance to the office park will be denied
- Masks are compulsory
- Social distancing guidelines will be enforced

### **VOTING AND PROXIES**

Shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration are entitled to attend and vote at the AGM and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder.

Forms of proxy should be forwarded to reach the company's transfer secretaries, JSE Investor Services (Pty) Ltd, P.O. Box 4844, Johannesburg, 2000, or [meetfax@jseinvestorservices.co.za](mailto:meetfax@jseinvestorservices.co.za), by no later than 09:00 AM Friday, 11 February 2022. Thereafter, a form of proxy must be handed to the chairman of the AGM before the appointed proxy may exercise any rights of the shareholder at the AGM. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised shares with own name registration.

A form of proxy is attached.

Subject to the rights and other terms associated with any class of shares, on a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own name registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- To furnish them with their voting instructions
- Should they wish to attend the meeting, to obtain the necessary letter of authority to do so

#### IDENTIFICATION

Section 63(1) of the Companies Act requires meeting participants to provide the person presiding over the meeting with satisfactory identification.

#### ELECTRONIC COMMUNICATION

1. SPAR has secured the services of TMS to host the AGM on an interactive platform, in order to facilitate electronic participation and voting by shareholders. The online shareholder meeting guide contains detailed information in this regard and is attached to this notice.
2. All shareholders are entitled to attend and participate via the use of the electronic platform. Any shareholder (or a representative or proxy for a shareholder) who wishes to participate in and/or vote at the AGM by way of electronic participation, must either:
  - Register online using the online registration portal at meetingreg – TMS (tmsmeetings.co.za), prior to the commencement of the AGM, or
  - Contact TMS at proxy@tmsmeetings.co.za or on +27 11 520 7950/1/2 as soon as possible, and for administrative purposes, by no later than 09:00 South African time on Friday, 11 February 2022. This is in order for them to arrange such participation for the shareholder and for TMS to provide the shareholder with the details as to how to access the AGM by means of electronic participation. Shareholders may still register/apply to participate in and/or vote electronically at the AGM after this date, provided, however, that those shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the AGM).
3. Shareholders participating in the AGM by way of electronic communication may still appoint a proxy to vote on their behalf at the AGM.
4. The cost of electronic participation in the AGM is for the expense of the shareholder so participating will be billed separately by the shareholder's own service provider.
5. Each shareholder by their participation in the AGM acknowledges that the electronic communication services are provided by third parties and indemnifies the company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the shareholder or anyone else. In particular, but not exclusively, each shareholder that participates in the AGM acknowledges that they will have no claim against the company, the directors or any employees or representatives of the company for any direct or indirect damages or for consequential damages or otherwise, arising from the use of the electronic services or any defect in them or from total or partial failure of the electronic services and connections linking the shareholder who participates or wishes to participate via the electronic services to the AGM. The company does not and cannot guarantee there will not be a break in electronic communication.



By order of the board

**Kevin O'Brien**

Acting Company Secretary

15 December 2021