

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, 14 February 2023 at 09:00 (subject to any cancellation, postponement or adjournment) 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.

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 2022, 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, Ethics and Sustainability 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 <https://thespargroup.com/>, and the report of the Social, Ethics and Sustainability Committee is set out on pages 124 to 127 of the integrated annual report of the company.

Ordinary resolution number 1 – Confirmation of appointment of independent non-executive director of the board

“Resolved that the appointment of Michael (Mike) Bosman as independent non-executive director of the board of directors of the company, with effect from 15 December 2022, be and is hereby confirmed.”

The Nomination Committee conducted an assessment of the eligibility of Mike as an independent non-executive member of the board of directors and the board accepted the results of the assessments. Accordingly, the board recommends his appointment to shareholders.

A brief curriculum vitae for Mike can be found on page 48 of the integrated report of which this notice forms part.

Ordinary resolution number 2 – Re-election of non-executive directors retiring by rotation

It is recorded

- That Graham O’Connor, Marang Mashologu and Andrew Waller retire as non-executive directors of the company in terms of the company’s Memorandum of Incorporation (MOI)
- That Graham, Marang and Andrew, being eligible, offer themselves for re-election

“Resolved, each by way of a separate vote, that Graham O’Connor, Marang Mashologu and Andrew Waller are hereby re-elected as non-executive directors of the company.”

The Nominations Committee conducted an assessment of the performance and independence of Marang and Andrew, and the performance of Graham; and the board accepted the results of the assessment. Accordingly, the board recommends their re-elections to shareholders.

Brief curricula vitae for Graham, Marang and Andrew can be found on pages 82 to 84 of the integrated annual report of which this notice forms part.

Ordinary resolution number 3 – 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 4 – 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, subject to adoption of the proposed ordinary resolution number 1
- Lwazi Koyana
- Sundeep Naran
- Andrew Waller (chairman), subject to adoption of the proposed ordinary resolution number 1”

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 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 82 to 84 of the integrated annual report of which this notice forms part.

Ordinary resolution number 5 – 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 6 – 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 7 – 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 103 to 113 of the integrated annual report of which this notice forms part.

Ordinary resolution number 8 – 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 114 to 119 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 2023 to 29 February 2024.”

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 2023 to 29 February 2024, be and are hereby approved, as follows:

	Current R	Proposed R
Board		
Chairman (including his participation in all committees)	1 769 250	1 875 405
Lead independent (including his participation in all committees)	1 365 000	1 446 900
Member	513 450	513 450
Audit Committee		
Chairman	328 000	347 680
Member	158 000	167 480
Risk Committee		
Chairperson	193 000	204 580
Member	136 000	144 160
Social, Ethics and Sustainability Committee*		
Chairperson	188 000	199 280
Member	122 000	129 320
Remuneration and Nominations Committee		
Chairman	188 000	235 000
Member	122 000	152 500

* During the year under review the Social and Ethics Committee was renamed.

2.2 “Resolved that the exclusive of VAT (if applicable) fee of R300 000 per annum, payable to non-executive directors for their attendance of IT Steering Committee meetings, remains at R300 000 per annum for the 12-month period from 1 March 2023 to 29 February 2024.”

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

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. A benchmarking exercise was performed in the 2021 financial 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 fees 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 the time, it was recommended that these fees be adjusted in a phased approach over the next few years.

No increase is being proposed to the fees for the board member role as this is largely aligned to the benchmark. Due to the combination of the Remuneration and Nominations Committees, it is recommended that the combined committee will earn a fee for the 2023 year that is equivalent to the fee paid to the Remuneration Committee in 2022 escalated by 25%. The fees payable to non-executive directors for all other roles are proposed to be increased by an inflation factor of 6.0% in 2023.

The board recognises the need to have non-executive member representation with specialised IT skills on the IT-SAP Steering Committee, for the duration of the SAP programme implementation, given the risks relating to this project. The IT-SAP Steering Committee fee is proposed to remain at the existing level and is accordingly recommended for approval.

The board also recommends a 6.0% increase in the daily fee payable 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, 9 December 2022 (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, 3 February 2023. Accordingly, the last day to trade for a shareholder to be eligible to vote at the AGM is Tuesday, 31 January 2023.

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, by no later than 09:00 AM Friday, 10 February 2023. 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 <https://www.tmsmeetings.co.za/the-spar-group-limited/>, prior to the commencement of the AGM, or
 - Contact TMS at proxy@tmsmeetings.co.za or on 084 433 4836 or 081 711 4255 as soon as possible, and for administrative purposes, by no later than 09:00 South African time on Friday, 10 February 2023.

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

Company Secretary

15 December 2022