Report from the Remuneration Committee

Rewarding performance for sustainable growth

Sound and effective remuneration governance is about more than compliance. It is a commitment to fairness and transparency.

I am pleased to present the SPAR remuneration report for 2024. This year, we have made significant progress in enhancing SPAR's remuneration policy and practices to align with stakeholder expectations and support the Group's long-term growth. After a thorough evaluation, the committee confirms that the remuneration policy has successfully met its objectives.

Committee governance

Role and responsibilities

The committee's role and responsibilities are governed by its terms of reference as reviewed and approved annually by the Board. The committee's mandate is to ensure the Company remunerates fairly, responsibly and transparently across all levels.

In executing this, we annually review the Company's remuneration policy to ensure it promotes the achievement of strategic objectives and encourages individual performance.

Composition

As of 30 September 2024, the committee consists of independent non-executive directors Mike Bosman, Shirley Zinn (Chair) and Liesbeth Botha.

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

The Company CEO attends meetings by standing invitation to make proposals and provide such information as the committee requires. He recused himself from the meeting during discussions and decisions about his performance and remuneration.

Meetings

The committee met four times during the year.

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 under our terms of reference.

Factors that influenced remuneration decisions

This year, SPAR navigated substantial changes, including integrating a new executive team and various operational updates, which influenced remuneration strategies. As a committee, we engaged extensively with shareholders, incorporating their feedback to ensure alignment with their expectations and enhance reporting.

We also welcomed Brigitte da Gama as the new Head of HR, whose fresh perspectives will play a vital role in refining remuneration strategies going forward.

Operationally, certain challenges and areas of recovery characterised the year, prompting executive management to prioritise selected urgent matters. These included the performance of South African operations, the management of the Group's debt levels, the strategic disposal of SPAR Poland and overcoming challenges related to the SAP implementation. Addressing these issues has been essential for securing the Group's long-term financial health and stability.

The salient financial features affecting SPAR's performance and informing remuneration decisions were:

Group turnover

Increased by 4.0**%** to **R152.3 billion** (2023: R146.5 billion), reflecting reasonable sales growth alongside operational cost control.

Cash generated from operations

Decreased by 22.6**%** to **R4.8 billion** (2023: R6.2 billion), reflecting the hard work undertaken to improve the Group's capital position and financial stability.

Group operating profit

Increased by 15.1**%** to **R2.895.5 million** (2023: R2 516.7 million), demonstrating effective cost management.

Diluted headline earnings per share

Increased by 11.1**%** to **917.5 cents** (2023: 825.7 cents), demonstrating SPAR's ability to uphold shareholder value.

Return on invested capital

Achieved a 12.8**%** return, showing improvements in the use of resources and returns for stakeholders.

The input from independent advisors

Committee members can access any necessary information to support their independent judgement on remuneration-related matters, including compliance, risk mitigation and the control environment.

During the year, we engaged external experts, RemChannel, to provide advisory services, market benchmarking data and assistance in refining our remuneration policies. This ensures our practices align with best practices and remain competitive.

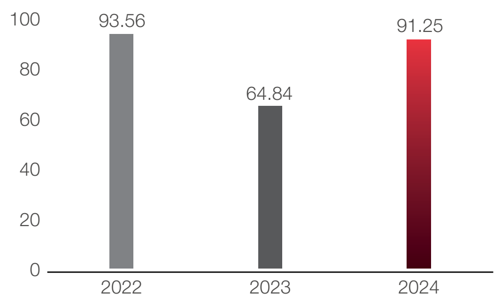
The Remuneration Committee was satisfied that RemChannel maintained independence and objectivity during the period.

The individual independent advisors undertaking the project subsequently joined PwC, which has affected its independence as PwC is our auditor. Consequently, we will transition to a new service provider in 2025. In the interim, we have engaged Vasdex for policy work after year end, while RemChannel continues to assist with benchmarking.

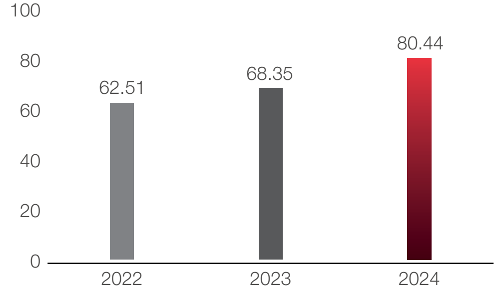
Engaging with shareholders

At the 2024 AGM, shareholders voted on the 2023 remuneration report in two parts:

Supporting votes for the SPAR remuneration policy (%)



Supporting votes for the SPAR implementation report (%)



These results reflect significant progress in enhancing the Company's remuneration practices to meet stakeholder expectations and support growth.

The improved voting results meant that we were not required by King IV and the JSE Listings Requirements to engage with shareholders formally. However, engaging with shareholders is essential for aligning our remuneration practices with SPAR's long-term success.

We actively seek their feedback to understand their concerns, allowing us to address potential issues early and maintain transparency. By clearly communicating our responding actions and the rationale behind them, we aim to build trust and reassure stakeholders that we are committed to the best interests of the Group and its stakeholders.

Specific engagement focus areas

Enhancing the pay mix

Shareholder feedback

Shareholders expressed concerns about the Company's pay mix, highlighting an overemphasis on guaranteed pay compared to short-term incentives (STIs) and long-term incentives (LTIs). They felt this structure deviated from market practices and did not effectively support long-term value creation.

Actions taken

We have realigned the pay mix for employees below executive directors, to better balance guaranteed pay, STIs and LTIs for FY2025. This adjustment increases the weight of LTIs while reducing the proportion of guaranteed pay, promoting a culture of long-term value creation. Prior to implementing any changes for executive directors, we will first engage with shareholders on these proposed changes.

The committee knows this change requires careful management, as many employees are accustomed to higher guaranteed pay. To facilitate this transition, executive management and the HR function will educate teams about the new LTI structure, which involves deferred payments with vesting over three years from award.

Minimum shareholding requirements

Shareholder feedback

Based on shareholder feedback, MSRs are crucial for aligning the interests of executives and shareholders.

Actions taken

The committee has refined the MSR policy to achieve the right balance in these arrangements. Implementing the MSR policy will take time, but we are committed to engaging with shareholders to clarify our objectives and processes.

We recognise that executives may not have significant liquidity to invest easily in MSRs. Therefore, the LTIs will be used as a lever where possible.

LTI policy update

Shareholder feedback

Shareholders indicated that the LTI policy needed to evolve to better align with the changing needs of our executive team, especially regarding performance metrics for executives.

Actions taken

We have updated our LTI policy, revising performance metrics for executives to ensure their incentives align with our strategic goals and shareholder expectations.

ESG-related performance metrics

Shareholder feedback

Shareholders requested more forward looking disclosures regarding STI performance conditions, particularly concerning ESG metrics. They also sought clarity on how these performance conditions are weighted against our budgets and the overall cost of capital.

Actions taken

We are committed to transparency regarding ESG-related performance metrics. These will be established for FY2025 and focus on decarbonisation and transformation.

Our commitment to transparent engagement means acknowledging diverse opinions while striving for a unified direction.

At the 2025 AGM, the remuneration policy and the remuneration implementation report will be tabled separately for non-binding advisory votes by shareholders.

If either the policy or the implementation report or both are voted against by 25% or more of the voting rights exercised, the committee will engage with shareholders on the reasons for their dissenting votes and address any legitimate and reasonable objections or concerns raised appropriately.

Committee focus areas

In addition to the matters resulting from shareholder engagement, the committee also focused on the matters set out below.

Transforming the HR function	Independent benchmarking and gender and racial pay gap analysis	Annual increases and incentives	Job grading and alignment with the Paterson system	Living wage alignment	2024 integrated annual report	Policies
This year's major focus for the committee has been overseeing the transformation of the Group's HR function, emphasising digitisation to modernise HR and payroll systems. This initiative aims to improve efficiency, leverage data analytics for better decision-making, streamline processes and reduce reliance on manual data collection.	SPAR is committed to pay parity. The equal pay for equal work principle is central to our reward structure. We engaged our advisors to conduct a benchmarking exercise, comparing SPAR's practices against industry peers to ensure the Company exceeds industry standards. Additionally, the committee initiated a comprehensive pay gap analysis to identify wage gaps, as well as gender and racial pay disparities and estimate the costs of rectifying these issues. Findings from these analyses received in November 2024 highlighted certain gaps. Management has been mandated to review these gaps and make amendments as necessary in FY2025. Non-executive directors' fees were independently benchmarked in 2023. Refer to page 84 for the outcomes.	The committee recommended a salary increment of 5% to 6% for employees in South Africa, which the Board subsequently approved. We also oversaw salary adjustments for foreign subsidiaries, with increases ranging from 1.5% in Switzerland to 15% in Ireland.	The committee prioritised aligning executive grading with the Paterson grading system to enhance consistency and transparency in role classification. This comprehensive process, conducted in collaboration with RemChannel, has established a clearer framework for executive remuneration.	The committee discussed the Company's strategy for implementing a living wage, recommending gradual adjustments to mitigate financial impact. Ongoing analyses are estimating the costs of aligning all areas of the business with a living wage over the next three to five years.	We provided recommendations for enhancing the development process of remuneration reports, focusing on streamlining content and ensuring clarity. The Remuneration Committee approved including the report in the integrated annual report.	**Malus and clawback** We developed a malus and clawback policy to promote accountability in executive remuneration. The policy has been approved, and we have reviewed specific cases for the potential recovery of payments related to reportable irregularities. **MSR policy** We have revised the MSR policy to strengthen alignment between executives and shareholders, ensuring that executives have a vested interest in the long-term success of the Group. **Fair wage policy** The fair wage policy was proposed and adopted in June 2024.

Changes to the remuneration policy

FY2024

Remuneration element	Reason for change	Remuneration outcome	Read more
Executive director remuneration	Benchmarking of the Group CFO, CEO and COO's remuneration to ensure competitiveness.	Aligned the Group CFO's total remuneration to the 62.5th percentile and adjusted LTI scheme bands for executives.	Page 94
Non-executive director fees	Reviewed fees for 2024/2025, considering inflation adjustments for non-South African directors.	Increased fees were approved at the AGM on 21 February 2024.	Page 98
LTI and STI schemes	Conducted regular reviews of LTI and STI scorecards for key executive roles to align with industry standards.	Approved adjustments to LTI bands, updated Conditional Share Plan (CSP) scheme rules and considered new performance metrics.	Page 87
CSP and RSP	Approved performance share allocations to incentivise executives and support retention.	Granted up to 1 422 530 performance shares in two award tranches valued at R155.8 million for 2024.	Page 89

FY2025

Remuneration element	Reason for change	Remuneration outcome	Read more
STI scheme	To drive performance outcomes, motivate employees, and focus on long-term achievement.	The redesign of the Group's variable pay approach splits the STI between cash and deferred components for bands EU and EL. It retains a strong long-term incentive exposure for executive directors through the CSP. This is the start of repurposing our overall remuneration offering for the E-Lower and E-Upper levels.	Page 87

Remuneration outcomes for 2024

↑ 5%
Adjustment for management

↑ 5%
Adjustment for executive directors

↑ 5%
Adjustment for non-executive directors

↑ 6%
Adjustment for staff

To attract quality board members, we must offer competitive fees reflecting their increasing responsibilities.

Priorities for 2025

We will continue to engage with shareholders to incorporate their insights and concerns into our approach. Specific areas of focus will be:

- Ongoing digitisation of HR functions to enhance decision-making and improve cost management.
- Implementing a fair and responsible pay policy.
- Extending the MSR policy to a level below the executive director tier.
- The Group CEO has recommended a transition to a total cost of employment (TCOE) remuneration structure, which considers compensation and benefits holistically. The committee supports this recommendation.
- The changes in STI and LTI support the transition towards TCOE.
- We aim to modernise our approach, aligning it with market standards and enabling more accurate benchmarking and clearer insights into employee compensation.

Fulfilling our mandate and commitments

I can confirm that the Remuneration Committee has fulfilled its obligations outlined in our terms of reference. There have been no deviations from our agreed policies, and we maintain thorough documentation to support our processes.

The committee is satisfied that SPAR's remuneration philosophy and policy align with the Group's strategic objectives by incentivising short- and long-term behaviours to achieve and exceed goals. Furthermore, the increased transparency around pay structures will offer employees greater visibility and contribute to attracting top talent to SPAR.

I look forward to sharing further updates as we progress through FY2025. Thank you for your continued support.

Shirley Zinn
Chair of the Remuneration Committee

Remuneration policy

Remuneration philosophy

SPAR values its employees as essential to achieving the Group's strategic objectives. We are committed to providing fair, competitive, and market-related remuneration to attract and retain top talent.

Our remuneration policy aims to:

- Position remuneration levels competitively within the labour market
- Reward individual contributions towards achieving the Group's goals

In addition to fixed remuneration, we offer variable remuneration through short- and long-term incentive schemes linked to specific performance targets. This approach enhances our ability to attract and retain key employees.

Differentiation and benchmarking

We apply fair differentiation based on performance and skills shortages, regularly benchmarking against comparable companies and monitoring national remuneration trends.

SPAR uses reputable salary surveys to inform our remuneration guidelines based on the Paterson grading system.

Market positioning

We strive to remunerate key positions, especially those with skill shortages, at the 75th percentile of the market while ensuring that other positions are at least at the 50th percentile. Given the identified shortage of qualified senior managers and executives, we consider the associated premium necessary for talent retention.

Furthermore, employees promoted to executive management roles will see their remuneration enhanced over three years based on performance-linked progression.

Performance management

Our performance management system ensures a positive correlation between individual and team performance and earned remuneration, with management responsible for supporting the Group's long-term sustainability.

Fair and responsible remuneration

We engaged independent advisors to:

- Conduct a comprehensive pay gap analysis to identify wage disparities
- Analyse gender and racial pay disparities

The findings from these analyses are disclosed below and highlight certain gaps. Management has been mandated to review these gaps and make necessary amendments in FY2025.

Pay gap analysis findings*

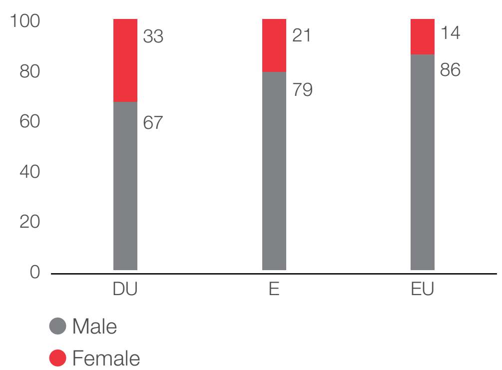
Category	Total guaranteed pay	Total remuneration
Rand values (average/median)		
Highest paid employee (CEO)	**R11 868 520**	**R17 108 296**
Average top 5%	**–**	**–**
Average remuneration	**R412 430**	**R440 514**
Median remuneration	**R369 685**	**R402 260**
Average bottom 5%	**–**	**–**
Lowest paid employee	**R103 583**	**R103 583**
Ratios		
CEO to lowest paid ratio	**114.6**	**165.2**
Top 5% vs bottom 5% ratio	**14.2**	**15.5**

* *The pay gap analysis was performed using annualised payroll data as at October 2024.*

Gender pay gap findings

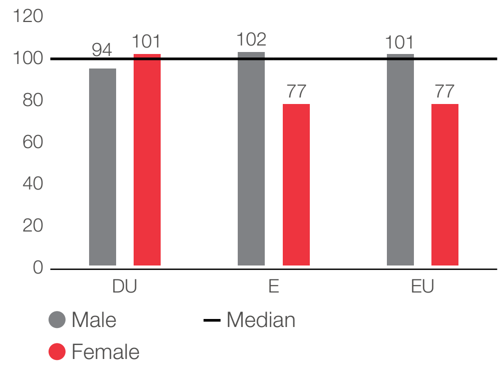
Gender representation per grade

This graph illustrates the proportion of female and male employees in each grade at SPAR.



Gender pay gap per grade

This graph highlights the gender pay gap for female and male employees in each grade, with the median pay for all employees in the respective grade set at 100%.



Paterson grading definitions

Bands A to CU (Non-management)

A	Low-level skilled
B	Clerical
C	High-level skilled/clerical/ supervisory
CU	Lower-middle management

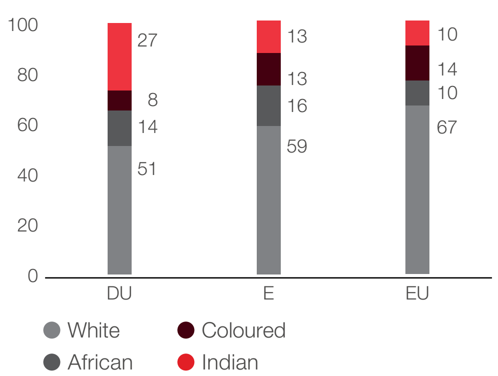
Bands D to F (Management)

D	Management
DU	High-level specialists/middle to high management
EL and EU	Executive management
F	Forward looking
FL	Group Chief Financial Officer and Group Chief Operating Officer
FU	Group Chief Executive Officer

Race pay gap findings

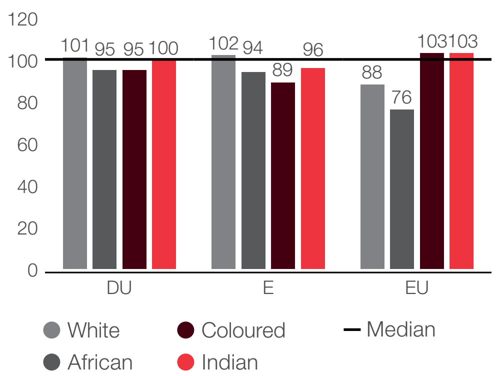
Race representation per grade

To provide context to the pay gap outcomes, this graph indicates the representation per grade of White, African, Coloured, and Indian employees per grade for SPAR.



Race pay gap per grade

This graph illustrates the race pay gap per grade, as a percentage of the median of all employees within the grade.



Remuneration process

The committee approves salary increases for executive directors and management.

We adjusted remuneration ratios to better balance guaranteed pay, STIs and LTIs, increasing the weight of LTIs. To facilitate this change, executive management and HR will educate employees on the new LTI structure, which includes deferred payments vesting over three years.

The Group CEO, CFO and COO manage increases for employees below EU grade, and the committee authorises the overall percentage increase.

Salary adjustments are as follows:

- 1 January: Employees graded DU band and below (not in the bargaining unit).
- 1 October: Employees graded EL band and above.
- As per collective agreements: Employees in the bargaining unit.

Remuneration structure

FY2024

	Fixed remuneration	Variable remuneration	
	TGP	**STIs**	**LTIs**
Objective	To help attract and retain the best talent.	To motivate and incentivise performance delivery, financial and non-financial, consistent with the Group's strategy over the financial year.	To motivate and incentivise the delivery of long-term, sustainable performance.
Type	Salary and benefits	Performance Bonus Plan.	CSP Share Option Plan (SOP) (closed)
Policy	Based on the Paterson grading methodology, it is determined by the level of skill, experience and scope of responsibilities.	Solely at the discretion of SPAR and can be changed or withdrawn at any time. STIs are only paid to individuals employed by the Company at the end of the financial year.	Annual or ad hoc awards approved by the Board are granted to employees graded EL and above, and to selected other employees on merit. These may be either performance or retention awards. However, executive directors will not typically receive retention awards unless exceptional circumstances require a mechanism to secure executive lock-in.

FY2025

	Fixed remuneration	Variable remuneration	
	TGP	**Cash STIs**	**LTIs**
Objective	To help attract and retain the best talent.	To drive performance outcomes, motivate employees, and focus on long-term achievement.	To motivate and incentivise the delivery of long-term, sustainable performance.
Type	Salary and benefits	Cash	CSP
Performance	Not applicable	Annual performance measured against the Group, business and individual performance objectives.	Vesting based on three-year performance targets.
Policy	Based on the Paterson grading methodology and determined by level of skill and experience, and scope of responsibilities.	Solely at the discretion of the Company and can be changed or withdrawn at any time. STIs are only paid to individuals who are in the employ of the Company at the end of the financial year.	Annual or ad hoc awards approved by the Board are granted to executive directors on merit. Awards are designed to align a portion of senior executive remuneration with the shareholder experience.
Applicability	A to FU bands	A to FU bands	FL and FU bands

Fixed remuneration

Fixed remuneration consists of cash remuneration, pensionable remuneration and benefits, and is structured as follows:

Bands A to CU (Non-management)

- Salary
- Guaranteed 13th cheque payable in December of each year. This amount forms part of the employee's pensionable remuneration
- Benefits

This will change with the transition to a TCOE structure.

Bands D to F (Management)

- Salary
- Other pensionable remuneration, such as car allowance, vehicle insurance and fuel, which the Company pays
- Benefits

This will change with the transition to a TCOE structure.

All permanent full-time employees are required to become members of one of the Company's available retirement funds, namely:

- The Old Mutual SuperFund Provident Fund: The SPAR Company Management Provident Fund[1]
- The Old Mutual SuperFund Pension Fund: The SPAR Company Ltd Defined Contribution Pension Fund
- The Old Mutual SuperFund Provident Fund: The SPAR Company Ltd Staff Provident Fund

[1] *To streamline the process, all executives at the EL level and above were moved to this fund this year.*

Membership in a medical aid scheme is voluntary. The Company offers several schemes for employees to join, including the Tiger Brands Medical Scheme, a Company scheme, and various low-cost options negotiated at the distribution centre level.

Other variable remuneration, such as allowances, is provided where applicable, in line with legislation and collective agreements with unions or workers' committees.

Non-financial benefits include:

- Subsidised canteen meals
- Access to a clinic
- Uniforms
- Training and development opportunities

Variable remuneration

STIs for FY2024

All employees participated in the STI scheme for FY2024 as follows:

Bands A to CU (Non-management)

Performance bonus of up to 50% of one month's salary or part thereof, based on achieving set targets. The targets are based on key issues in the business strategy and are mainly financial targets.

Bands D to F (Management)

Performance bonus, as follows:

Grade	% of basic annual salary (maximum)	Bonus split financial: functional and transformational
EU to F	120	75:25
EL	60	60:40
DU	30	30:70
DL	15	30:70

STIs are formulaically determined based on the achievement of financial, functional and transformational targets, which differ depending on the line-of-sight and reporting lines of the relevant employee. Weightings for each of these areas will differ depending on the job role and segment of the employee.

The formula for determining STIs

STI = [Basic salary x applicable % as per table above] x [(Financial performance score x applicable weighting) + (Functional performance score x applicable weighting) + (Transformational performance score x applicable weighting)]

Financial performance score

The financial element of the STI is based on profit:

- Profit after tax for executive directors and central office management
- Targeted divisional profit before tax for divisional management

The profit target threshold starts at the previous year's profit (adjusted for extraordinary items) and increases to the maximum stretch level, which aligns with the Board-approved internal budget. Considering current market conditions, budgets are set using a historical earnings baseline, adjusted for extraordinary impacts and increased by consumer price index (CPI) projections plus 2%–3% real growth.

On-target achievement is set at approximately 97% of the budget. This ensures the budget reflects a challenging target, allowing management to focus on relevant components throughout the year. The Board scrutinises the budget process and key considerations, with details retrospectively disclosed in performance reports.

This structure promotes a performance culture where management is rewarded as shareholders see real earnings growth from a stabilised baseline.

Functional performance score	Transformational performance score
The functional component includes corporate objectives (e.g., transformation) and individual objectives relevant to each manager's role. Achieving these targets supports the Group's strategic goals and sustained shareholder value. Pay for performance is a fundamental principle of the STI, with variable payments tied to performance outcomes.	Transformation constitutes 40% of the functional allocation, equating to 10% of the total bonus opportunity. It focuses on: • Employment and promotion of black employees • Development of black ownership

STIs for FY2025

All employees will participate in the STI scheme for FY2025 as follows:

Grade	Target % of TGP	Maximum % of TGP	Group performance weighting	Business performance weighting	Individual performance weighting	Delivery
FU	**80%**	**100%**	**75%**		**25%**	**100% Cash**
FL	**80%**	**100%**	**75%**		**25%**	**100% Cash**
EU	**80%**	**120%**	**20%**	**50%**	**30%**	**100% Cash**
EL	**60%**	**90%**		**60%**	**40%**	**100% Cash**
DU	**20%**	**30%**		**30%**	**70%**	**100% Cash**
DL	**10%**	**15%**		**30%**	**70%**	**100% Cash**
A to CU	Performance bonus of up to 50% of one month's salary or part thereof, based on the achievement of set targets. The targets are based on key issues in the business strategy and are mainly financial targets					**100% Cash**

Group performance score

The Group performance score is based on financial performance metrics including:

- Group revenue growth
- Group profit after tax (PAT)
- Group operating margin
- Group debt

The targets are set using the prior period's performance as the threshold; with "on-target" achievement being based on an appropriate improvement on the prior year's performance. The stretch target is set at a level which is a significant improvement on target.

This structure will promote a performance culture within the Group, with teams being rewarded for above-target achievement.

Business performance

Similar to the Group performance score, the business performance score is based on financial performance metrics including:

- Business unit revenue growth
- Business unit profit before tax (PBT)
- Business unit operating margin

The targets are set using the prior period's performance as the threshold; with "on-target" achievement being based on an appropriate improvement on the prior year's performance. The stretch target is set at a level which is a significant improvement on target.

This structure will promote a performance culture within the Group, with teams being rewarded for above target achievement.

Individual performance

The individual performance score includes corporate objectives (e.g., transformation) and individual objectives relevant to each manager's role. For executives, achieving these targets supports the Group's strategic goals and sustained shareholder value. Pay for performance is a fundamental principle of the STI, with variable payments tied to performance outcomes.

Remuneration committee discretion

The committee can reduce, adjust or remove the STI. This includes deferring STI payments due to cash flow considerations or not awarding STIs if financial performance thresholds (based on the prior year's results) are not met.

Change of control and termination of employment

In the event of a change of control, the STI will be calculated pro rata. If a participant leaves before the financial year ends, they forfeit any STI payment for that year.

Malus and clawback

Malus and clawback provisions (refer to page 93) apply to all STI payments. Clawback may be enforced (in whole or part, on the pre-tax value) for up to three years following payment if a trigger event occurs.

LTIs

The Company currently operates one LTI plan (CSP) for key employees, senior management, and executive directors. The SOP is no longer in use.

SOP (legacy plan)

The SPAR Company Ltd Employee Share Trust (2004) scheme closed in 2014, with no further allocations since then. The SOP allowed option holders to purchase shares at a specified price, with one-third of the options vesting after three years and an additional third after four and five years, respectively.

No performance criteria were applied, and as the scheme is now closed, none can be introduced for past awards. The last options were allocated on 7 February 2014, and participants had until February 2024 to exercise their rights. Details on options granted to executive directors, exercised options during the review year, and unexercised options as of 30 September 2024 are in the remuneration implementation report (page 95).

CSP (current plan)

The CSP allows the Company to grant key employees shares based on achieving performance conditions.

Retention shares may be awarded in exceptional circumstances to address retention risks or to compensate new hires for lost LTI awards.

While the committee acknowledges potential shareholder concerns about retention shares, it deems them necessary to retain and recruit key executives in challenging times. It is not intended to use retention shares as rewards during poor performance years.

The committee has reviewed historical grants of retention CSPs and considers them appropriate.

The committee regularly assesses compensation practices and may decide, following best practices, against granting time-based retention shares to the executive team. After considering shareholder feedback, it did not award retention shares to executive directors.

The CSP is settled through market purchases of shares, avoiding shareholder dilution. Since its inception in 2014, all vested awards have been settled by market purchases, with no new shares issued.

Salient features of the CSP remain as follows:

Details	CSP
Description	Participants receive a conditional right to receive a share in the Company on the vesting date and will have no shareholder rights before the settlement date.
Company limit	The cumulative aggregate number of shares allocated under the CSP shall not exceed 5 200 000 shares (approximately 3% of issued share capital). This limit excludes shares purchased in the market (which is the preferred approach) and shares forfeited and not settled. The aggregate number of retention shares allocated under the CSP may not exceed 1 300 000 shares.
Individual limit	The cumulative aggregate number of shares allocated to any individual may not exceed 570 000 (approximately 0.33% of issued share capital). To prevent these numbers from being exceeded, the annual awards are capped at a percentage of gross annual basic salary, for example, the Group CEO at a maximum of 120%.
Settlement method	The intention is to settle all CSP awards from a market purchase of shares, which has been the practice since the scheme was implemented. However, the rules of the CSP do allow for settlement in any of the following ways: • Market purchase of shares • Issue of shares • Use of treasury shares

Details	CSP
Termination of employment	Bad leavers will forfeit all awards on the date of termination of employment. In the case of good leavers, a pro rata portion of all unvested awards will vest. The pro rata portion will reflect the number of months served since the award date and the extent to which the performance conditions (if any) have been met. The balance of the awards will lapse.
Change of control	If a change of control of the Company occurs before the vesting date, a portion of the award held by a participant will vest on such date. The portion of the award that will vest will be determined based on (1) the extent to which the performance conditions are satisfied, and (2) the number of completed months served over the total number of months of the award.
Allocation methodology	The CSP is used for annual allocations. The annual allocation levels are expressed as a gross annual basic salary percentage. In defining these levels, SPAR assesses market benchmarks, the ideal level of lock-in it wants to attain, as well as the level of outperformance it wants to drive. To this end, allocations that may be made on an annual basis (expressed as a percentage of gross annual basic salary) are as follows: • Group CEO: 60% to 120% • Group COO and Group CFO: 60% to 100% • Executives 50% and Senior Management 35%
Grant price	Not applicable.
Dividends	No dividends are paid on CSP awards; employees will only receive dividends to the extent that shares vest and become shareholders.
Vesting/ employment period	The scheme rules set this at three years for the annual award of performance shares and in equal parts after years three, four and five for retention shares. Before vesting, executive directors may elect to subject settled shares to an additional holding period of three years to assist in reaching minimum shareholding requirement targets.
Malus and clawback	Applicable to all awards. Clawback of any vested LTI award can be imposed (in whole or part on the pre-tax value) for three years following the vesting of the LTI if a trigger event occurs.

Performance conditions

The committee sets the annual performance conditions for share awards, incorporating shareholder feedback. These conditions are assessed over a three-year performance period, aligning with the Group's financial year.

The table below summarises the three performance conditions, their definitions, and the corresponding weightings of the total award. It also outlines the target levels for threshold, on-target, and stretch measures needed for vesting portions of the performance shares.

Most targets have remained unchanged since shareholder approval at inception. However, the committee has responded to shareholder concerns about capital allocation discipline with inclusion of Return on capital employed in 2024.

Performance condition and weighting	Definition	Detail	Threshold	On-target	Stretch
Return on capital employed (ROCE) *40%*	Earnings before interest and taxes (EBIT) expressed as a percentage of total assets minus current liabilities at the relevant year end.	The average ROCE over the performance period will be compared to the targets set.	3 to 5-year long bond +[1% to 2%] – *spread will be dependent on economic conditions.*	3 to 5-year long bond +[3% to 4%] – *spread will be dependent on economic conditions.*	3 to 5-year long bond +[5% to 6%] – *spread will be dependent on economic conditions.*
Headline earnings per share *50%*	Headline earnings are divided by the weighted average number of ordinary shares (net of treasury shares) issued during the relevant financial year. Headline earnings are those attributable to ordinary shareholders, excluding non-trading and capital items.	Growth in HEPS will be calculated as the growth between the base year and the last year in the performance period.	CPI growth over the performance period.	HEPS growth between the operating budget approved by the Board for the last year in the performance period and the base year HEPS. This was historically set at 30% growth, which approximated an annualised growth in HEPS at CPI + 3% (assuming a 6% baseline CPI).	Target plus 9% over the performance period.
Total shareholder return relative to the peer group *10%*	The TSR will be measured as the compound annual growth rate (CAGR) in the TSR index for the Company and the peer companies over the performance period after holding the shares and reinvesting the dividends.	To remove vagaries in the market, the CAGR in TSR calculation is to be smoothed by using the average TSR index for the 20 business days up to and including the start of the performance period and 20 business days up to and including the end of the performance period. The peer Company will constitute suitably constructed and appropriate peer companies.	80% of the on-target. The vesting percentage is retained at 10% for threshold.	Weighted average TSR of peer company. The vesting percentage retained at 40% for on-target.	160% of the on-target.

For the 2024 LTI award, the peer group, for purposes of the TSR measurement, is comprised as follows:

- Cashbuild Ltd
- Clicks Group Ltd
- Dis-Chem Pharmacies Ltd
- Pick n Pay Stores Ltd
- Shoprite Holdings Ltd
- Woolworths Holdings Ltd

The peer group will be considered again for FY2025 given changes in the market.

The portion of the performance shares vesting at each target will be as follows:

	Performance	Vesting percentage
Threshold	Acts as a gatekeeper and will represent the minimum performance required before performance shares vest.	30% of the award of performance shares will vest for performance at threshold. Since the 2019 awards, the TSR award threshold for vesting has been 10%. All future awards will apply this vesting percentage, until further review. None of the performance shares will vest for performance below threshold.
On-target	Relates to good performance.	65% of the award of performance shares will vest for performance on target. Since the 2019 awards, TSR award threshold for on-target vesting has been 40%. All future awards will apply this vesting percentage, until further review.
Stretch	Relates to exceptional performance in the context of the prevailing business environment.	100% of the award of performance shares will vest for performance at stretch.

For performance levels between threshold and stretch, linear interpolation determines the proportion of shares vested.

The performance conditions of the CSP continue to be reviewed in line with best practice and shareholder feedback.

The committee supports shareholding by the Group's executive directors and believes this reinforces shareholder alignment following the vesting of LTIs.

To this end, executive directors may elect to subject their CSP shares coming up for vesting for a further agreed holding period, during which such shares cannot be disposed of. During the period all executives have elected to hold their shares further for three years.

Minimum shareholding requirement

Shareholders emphasised that MSRs are vital for aligning executives' interests with those of shareholders. The committee has refined the MSR policy to strike the right balance. While full implementation will take time, we are engaging with shareholders to clarify our objectives. We acknowledge that executives may lack the liquidity to invest in MSRs directly, so we encourage participation in LTIs that could lead to MSR compliance.

The previous MSR policy mandated that executive directors and Executive Committee members build a specific shareholding in SPAR, using shares from various sources, including vesting awards from the CSP. Changes to the MSR policy came into effect during FY2024.

Target minimum shareholding:

- Group CEO: 200% of basic salary[1]
- Group COO and CFO: 150% of basic salary[1]

Executives must retain their shares until the earlier of:

- Three years
- Termination of employment
- Abolition of the MSR policy
- Approved application to the committee under special circumstances, such as financial hardship

Vested shares are held by an escrow agent, preventing executives from trading them freely until the holding period ends. However, they can vote and receive dividends.

[1] *For FY2025, this will be adjusted for TCOE.*

Malus and clawback policy

We have established a malus and clawback policy to ensure accountability in executive remuneration. This policy was approved. We reviewed specific cases for potential recovery related to reportable irregularities but found no grounds for recovery, as enforcement of these matters has proven to be challenging.

Salient features

Malus	Clawback
The committee may reduce an award's value before the vesting date if a trigger event occurs during the relevant period. The committee will assess if a trigger event occurred in cases of early termination during the vesting period.	The committee may recover awards that have vested (on a pre-tax basis) if a trigger event arises during the three-year clawback period following vesting. In cases of breaches of directors' duties, the committee reserves the right to pursue remedies under the clawback policy and applicable laws. The policy also outlines recovery methods if participants dispose of shares after vesting but before the clawback period ends.

Current CSP in-flight awards

Performance conditions, targets, information and allocations

The interim measures against the targets for the unvested awards issued in 2020 and 2021 are summarised in the table below.

The projected HEPS growth and average annual RONA returns over the appropriate performance periods for each applicable grant were calculated using historical and forecast HEPS values and are provided purely for shareholders' information.

Description	2021	2023	2024
Grant date	11 August 2022	7 December 2023	**20 February 2024**
Vesting date	11 August 2025	7 December 2026	**22 February 2027**
Performance period	1 October 2021 to 30 September 2024	1 October 2022 to 30 September 2025	**1 October 2023 to 30 September 2026**
HEPS condition			
Threshold (expected CPI growth)	17.16%	12.67%	**11.92%**
On-target growth (based on approved budget)	30.00%	30.00%	**30.00%**
Stretch growth	39.00%	39.00%	**39.00%**
Base year HEPS measure	1 195.1 cents	1 172.7 cents	**614.7 cents**
On-target HEPS required	1 553.6 cents	1 524.5 cents	**799.1 cents**
Expected vesting outcome	Below threshold	Below threshold	**Above stretch**
RONA condition			
Threshold (80% target)	32.00%	–	–
On-target RONA (average for three years)	40.00%	–	–
Stretch	48.00%	–	–
Base year RONA measure	34.65%	–	–
Expected vesting outcome	Below Threshold	–	–
ROCE condition			
Threshold (80% target)	–	10.06%	**10.63%**
On-target ROCE (average for three years)	–	12.06%	**12.63%**
Stretch	–	14.06%	**14.63%**
Base year ROCE measure	–	17.0%	**8.3%**
Expected vesting outcome	–	Above stretch	**Above stretch**

The measure of TSR will be the TSR of SPAR relative to the weighted average TSR of the six selected peer companies.

Awards made during 2024

Awards were made to executive directors in accordance with the policy. The remuneration implementation report provides details of CSP awards to executive directors (page 97).

Awards that vested during 2024

On 21 February 2024, the seventh tranche of CSP awards issued in November 2020 vested. The final performance conditions for the grant were measured and again externally verified by ZAQ Actuaries. The results of the calculation of the actual vesting percentage were as follows:

	HEPS growth over the performance period					
Description	Threshold	On-target	Stretch	Actual	Vesting percentage	Weighted x 50%
HEPS condition	18.94%	30%	39%	(53.67%)	0%	0%

Description	Threshold	On-target	Stretch	Actual	Vesting percentage	Weighted x 30%
	RONA growth over the performance period					
RONA condition	32%	40%	48%	26.08%	0%	0%

Description	Threshold	On-target	Stretch	Actual	Vesting percentage	Weighted x 20%
	Compound annual growth rate					
TSR condition	13.02%	16.27%	26.03%	(14.76%)	0%	0%
					Total to vest	0%

Of the total number of awards in effect at the measurement date, none vested.

All the retention awards issued in November 2018 have vested. Two-thirds of the retention awards granted in November 2019 have already vested with a remaining balance of 16 138 still to vest. One-third of the retention awards granted in November 2020 have already vested, with a remaining balance of 73 675 still to vest.

The actual vesting of performance awards for the last four years was as follows:

	2024	2023	2022	2021
HEPS growth	**0.00%**	0.00%	0.00%	88.27%
RONA growth	**0.00%**	40.35%	55.60%	62.08%
TSR	**0.00%**	0.00%	100.00%	100.00%
Final vesting	**0.00%**	12.11%	36.68%	82.76%

Executive directors' remuneration

We have realigned remuneration ratios to better balance guaranteed pay, STIs, and LTIs. This adjustment increases the weight of LTIs while reducing guaranteed pay, fostering a culture of long-term value creation.

We have also updated our LTI policy and revised performance metrics for executives to align their incentives with our strategic goals and shareholder expectations.

Executive directors' benefits

Executive directors receive a monthly salary and benefits tailored to their roles, performance, and contributions to the Company's overall results. Benefits include pensionable remuneration, allowances (such as car allowances), and coverage for medical aid, vehicle insurance, and fuel. With the transition to TCOE, executive directors' remuneration will be simplified for a single figure total guaranteed package (TGP) in future.

The remuneration implementation report includes details of executive directors' remuneration for the financial year (page 95).

Executive directors' terms of service

Executive directors are full-time employees with employment agreements that reflect the Company's standard conditions of service. They have a notice period of three months (six months for the CEO), compared to one month for other employees, and face more comprehensive confidentiality undertakings. Executive directors are also subject to a restraint of trade of 12 months.

Executive directors do not have special termination clauses or unusual payment provisions. Their termination conditions align with standard contractual arrangements and the remuneration policy, without offering preferential treatment or exceptional benefits.

Remuneration implementation report

The remuneration implementation report contains detailed information and figures pertaining to the application of the remuneration policy in relation to executive and non-executive directors.

Executive remuneration

The policy for executive directors' remuneration is summarised on page 94.

The executive remuneration was again reviewed against appropriate peer companies. In addition, the committee considered remuneration trends and latest developments in the market for the comparable percentile.

R'000	Basic salary	Performance-related bonus[1]	Retirement funding contributions	Allowance and other benefits[2]	Lump sum payment	Share option gains	Total
2024							
Executive directors							
Angelo Swartz	9 559	4 359	1 111	1 016	–	–	16 045
Mark Godfrey	7 045	3 523	824	698	–	1 084	13 174
Megan Pydigadu	10 083	4 135	–	–	–	–	14 218
Total emoluments	26 687	12 017	1 935	1 714	–	1 084	43 437
2023							
Executive directors							
Brett Botten[3]	2 835	–	330	1 806	12 721	7 351	25 043
Mark Godfrey	6 710	–	784	632	–	1 149	9 275
Mike Bosman (Executive Chairman)[3]	14 400	–	–	469	–	–	14 869
Total emoluments	23 945	–	1 114	2 907	12 721	8 500	49 187

1 *The performance-related bonuses relate to amounts earned in the current year.*
2 *Other benefits include medical aid contributions and a long service award.*
3 *Brett Botten retired as Company CEO on 31 January 2023 and as a result a temporary operating arrangement was implemented, whereby Mike Bosman was appointed by the Board as Executive Chairman effective 1 February 2023. During Mike's tenure as Executive Chairman, he was not an employee of SPAR.*

Executive STIs

The STI policy is summarised on page 87.

For information purposes, details of the targets, relative bonus caps as a percentage of annual salary and the average payout are as follows:

	Bonus cap (% of annual salary)	Executive directors' average performance achievement %
Company financial results	75%	15%
Transformation and functional targets	25%	23%
Total	**100%**	**38%**

	On-target bonus achievable R'000	Actual bonus R'000	Actual bonus % of on-target bonus %	Actual bonus as % of TGP %
Director				
Angelo Swartz	6 500	4 359	67	37
Megan Pydigadu	6 000	4 135	69	38
Mark Godfrey	5 636	3 523	63	41
Weighted average achievement	**6 045**	**4 006**	**66**	**39**

Performance bonus scorecard

	Weighting (as a % of total annual bonus opportunity)	Score	Payout (as a % of total bonus opportunity)
Financial targets	**75%**	**15/75***	**20%**
– Achieve Group revenue of R163.7 billion			
– Achieve Group operating profit of R3.7 billion			
– Achieve Group PAT of R2.2 billion			
– Achieve cash generated from operations of 80% of operating profit			
– Achieve Group targeted ROCE			
Functional and transformation targets	**25%**	**23/25**	**92%**
– Polish business disposal			
– Develop and finalise debt restructure plan			
– Implement funding arrangements to deal with Polish residual debt			
– Manage Group covenant obligations			
– Review current pay structures and implement the change to TCOE			
– For all new Group appointments ensure the employment equity score has improved			
– Achieve enterprise development target for store ownership			
– Deliver on Group ESG plan			
	Average score achieved		**38%**

* *Several mechanisms are available to the RemCo to ensure pay outcomes appropriately reflect individual and business performance. This includes the ability of the committee to apply malus, clawback and responsible discretion to override formulaic outcomes under the incentive schemes. After meaningful deliberation, the committee concluded it was appropriate to review the financial targets and adjust the achieved results, to fairly reflect the performance of the executive directors.*

Executive LTIs

SOP

The SOP closed in 2014 and no further options have been allocated since 7 February 2014. There are no performance criteria in this scheme and as the scheme is now closed, none can be introduced.

Options held over shares in the Company

	Date of option issue	Option price R	Number of options held 2024	2023
Executive directors				
Mark Godfrey	12/11/2013	126.43	–*	30 000
Total			–	30 000
Total options held by directors			–	30 000

* *These options were cancelled on reaching final vesting date as the option price at that date exceeded the share price.*

CSP

The CSP is summarised on page 89.

Details of unvested CSP awards held by directors

	Award date	Share price on date of grant R	Number of shares 2024	2023
Angelo Swartz	11/02/2020	198.01	**2 334**	–
	16/02/2021	181.15	**6 667**	–
	11/08/2022	142.83	**13 300**	–
	07/12/2023	113.00	**18 400**	–
	20/02/2024	107.22	**52 640**	–
Total			**93 341**	–
Mark Godfrey	12/02/2019	175.20	**–**	2 677
	11/02/2020	198.01	**2 800**	5 600
	16/02/2021	181.15	**–**	30 000
	11/08/2022	142.83	**23 100**	23 100
	07/12/2023	113.00	**31 600**	–
	20/02/2024	107.22	**49 450**	–
Total			**106 950**	61 377
Megan Pydigadu	20/02/2024	107.22	**52 640**	–
Total			**52 640**	–
Total directors' interest in the CSP			**252 931**	61 377

CSP gains

	Date vested	Gain R'000
Mark Godfrey	**21/02/2024**	**1 084**

Details of vested award shares held by directors

In line with the committee's view that senior executives should remain invested in the Company's share price after their LTIs vest, the following executives have chosen to subject their CSP shares to an additional holding period of three years.

	Award date	Total number granted	% vested	Total vested
2024				
Angelo Swartz	**12/02/2019**	**3 000**	**33.3%**	**1 000**
	11/02/2020	**7 000**	**33.3%**	**2 333**
	16/02/2021	**6 000**	**0.0%**	**–**
	16/02/2021	**10 000**	**33.3%**	**3 333**
Mark Godfrey	**12/02/2019**	**8 000**	**33.3%**	**2 667**
	11/02/2020	**8 400**	**33.3%**	**2 800**
	16/02/2021	**30 000**	**0.0%**	**–**
2023				
Mark Godfrey	11/02/2020	12 400	12.11%	1 501
	11/02/2020	8 400	33.33%	2 800
	12/02/2019	8 000	33.33%	2 666
	07/02/2018	7 000	33.33%	2 334

Executive and non-executive directors' interests in the share capital of the Company

Number of shares	2024	2023
Directors' interests in the share capital of the Company		
Executive directors		
Angelo Swartz	**12 637**	–
Mark Godfrey – direct beneficial holding	**84 452**	78 984

Indication of executive directors' shareholding against the proposed target MSR

Angelo Swartz	
Direct beneficial holding	**12 637 shares**
Market value at 30 September 2024	**R1 712 819**
As a percentage of 2024 guaranteed basic salary	**18%**
Target for CEO	**200%**
Unvested shares	**93 341 shares**
Market value of unvested shares at 30 September 2024	**R12 651 439**
Unvested shares as a % of guaranteed pay	**108%**

Mark Godfrey	
Direct beneficial holding	**84 452 shares**
Market value at 30 September 2024	**R11 446 624**
As a percentage of 2024 guaranteed basic salary	**162%**
Target for CFO	**150%**
Unvested shares	**106 950 shares**
Market value of unvested shares at 30 September 2024	**R14 496 003**
Unvested shares as a % of guaranteed pay	**150%**

Megan Pydigadu	
Direct beneficial holding	**Nil shares**
Market value at 30 September 2024	**Rnil**
As a percentage of 2024 guaranteed basic salary	**0%**
Target for COO	**150%**
Unvested shares	**52 640 shares**
Market value of unvested shares at 30 September 2024	**R7 134 826**
Unvested shares as a % of guaranteed pay	**65%**

Non-executive directors' remuneration

Non-executive directors are not full-time employees and operate under contracts for services rather than employment contracts. Their remuneration comprises a fixed basic fee, which is not linked to the Group's financial performance, and they do not receive short-term or long-term incentive awards.

Fee determination process

Management recommends non-executive directors' fees based on industry benchmarks to the committee, which proposes them to the Board. The Board recommends these fees to shareholders for approval under the Companies Act.

In 2024, non-executive directors' fees were benchmarked against the same comparator companies as for executive directors (see page 92). Proposed fees were approved by shareholders at the 21 February 2024 AGM.

Proposed fee increases

For fees effective from 1 March 2025, the Board recommends an inflationary increase of 5%, as detailed in the table below.

	Current per annum (VAT exclusive)	Proposed fees per annum (VAT exclusive)	Increase (%)
Board			
Chairman (representing an all-inclusive fee for participation in all scheduled meetings of the Board and committees)	**R2 902 060**	**R3 047 163**	**5.0%**
Deputy Chair (representing an all-inclusive fee for participation in all scheduled meetings of the Board and committees)	**R1 519 245**	**R1 549 630**	**5.0%**
South African resident member	**R539 123**	**R566 078**	**5.0%**
Non-South African resident member (representing an all-inclusive fee for membership and participation in scheduled meetings of the Board and committees)	**€84 000**	**€88 200**	**5.0%**
Audit Committee			
Chair	**R423 438**	**R444 610**	**5.0%**
Member	**R225 912**	**R237 208**	**5.0%**
Risk Committee			
Chairman	**R306 281**	**R321 595**	**5.0%**
Member	**R151 368**	**R158 936**	**5.0%**
Social, Ethics and Sustainability Committee			
Chair	**R229 226**	**R240 687**	**5.0%**
Member	**R135 786**	**R142 575**	**5.0%**
Remuneration Committee			
Chair	**R291 312**	**R305 878**	**5.0%**
Member	**R135 786**	**R142 575**	**5.0%**
Nominations Committee			
Chairman	**R217 487**	**R225 211**	**5.0%**
Member	**R135 786**	**R142 786**	**5.0%**
Business Transformation Committee			
Chair	**–**	**R305 878**	**n/a**
Member	**–**	**R142 575**	**n/a**
Ad hoc meetings and other assignments			
South African resident members (including the Chairman and Deputy Chair of the Board)			
Daily fee (if meeting exceeds four hours)	**R32 722**	**R34 358**	**5.0%**
Hourly fee	**R5 565**	**R5 843**	**5.0%**
Non-South African resident members			
Daily fee (if meeting exceeds four hours)	**€3 157**	**€3 315**	**5.0%**
Hourly fee	**€537**	**€564**	**5.0%**

Most Board and committee roles will receive total annual fees based on a retainer and attendance per meeting (40% retainer and 60% for scheduled meetings), except for the Chairman and Deputy Chair, who will be paid solely on a retainer basis, along with ad hoc meeting fees.

Executive directors' unvested shares

Director	Unvested shares	Market value at 30 September	% of guaranteed pay
Angelo Swartz	**93 341**	**12 651 439**	**108**
Mark Godfrey	**106 950**	**14 496 003**	**150**
Megan Pydigadu	**52 640**	**7 134 826**	**65**

Non-executive directors' terms of service

The notice period for non-executive directors is three months with an age limit of 70 years. The Board may, at its discretion, extend a non-executive director's retirement date.

Director	Fees for ordinary meetings as approved at the AGM	Ad hoc fees	Fees for subsidiary boards	Total
Mike Bosman****	**2 844 529**	**1 885 098**	**1 410 477**	**6 140 104**
Shirley Zinn	**1 489 101**	**338 891**		**1 827 992**
Liesbeth Botha*	**700 754**	**63 997**		**764 751**
Pedro da Silva	**1 760 373**	**148 582**		**1 908 955**
Funke Ighodaro**	**991 102**	**264 213**		**1 255 315**
Marie Jamieson*	**504 318**	**61 215**		**565 533**
Lwazi Koyana	**1 271 655**	**63 204**		**1 334 859**
Trudi Makhaya	**893 073**	**63 600**		**956 673**
Sundeep Naran	**991 437**	**63 202**		**1 054 639**
Andrew Waller***	**110 000**			**110 000**
Jane Canny***	**104 050**	**7 950**		**112 000**

* *Appointed to the Board on 1 February 2024.*
** *Appointed to the Board on 21 February 2024.*
*** *Resigned effective 17 November 2023.*
**** *Chairman of the subsidiary boards, SPAR Ireland, SPAR Poland, SPAR Switzerland, SPAR Southern Africa divisional board and attendance at SPAR Sri Lanka.*