

## A. CONTEXT

### **The SPAR Brand's History in Russia and Ukraine**

SPAR International first issued licences to regional independent groups of retailers in both Russia and Ukraine over twenty years ago. As in all SPAR markets, stores were owned and operated by independent local retailers under licence agreements, while SPAR International provided brand support and guidance. SPAR International did not, and does not, own any stores, assets, inventory, personnel or retail operations in either country.

What is often missing from the public discussion is a proper understanding of what SPAR International actually is.

SPAR International is not a listed multinational corporation directing operations around the world from a central headquarters. It is a collaboration of independent businesses that have chosen to work together under a common brand.

Before 2022, SPAR branded stores operated successfully in both markets. In Russia, the network had at one stage grown to more than 500 stores operated by sixteen regional license holders, while

Ukraine developed into an established SPAR branded retail network through independent partners.

### **The Impact of the War**

Russia's invasion of Ukraine in February 2022 fundamentally changed the situation.

SPAR International immediately suspended all support services and ceased the supply of products to Russian licensees. This decision went beyond legal requirements, as food retail activities were and are still not subject to a blanket EU sanctions prohibition.

At the same time, SPAR International immediately commenced and then scaled up its support for Ukraine. Within days of the outbreak of the war, a SPAR Ukraine Aid Fund was established and humanitarian assistance was provided, including food, water, medical supplies, generators and other essential goods. This assistance continues today, generously supported by SPAR partners in Europe and beyond.

### **Why Russian Licence Agreements Remain**

A frequently misunderstood issue is the legal status of existing licence agreements in Russia. SPAR International does not own the Russian businesses; they are independent companies with their own ownership and management. Based on extensive and ongoing legal advice, these long-standing agreements cannot simply be terminated unilaterally where licensees remain compliant and no legal prohibition applies. Doing so could expose SPAR International and the brand to significant legal and financial claims.

Nevertheless, SPAR International has actively pursued every lawful opportunity to reduce its Russian footprint. Since 2022, several licence agreements have been terminated, reducing the network from sixteen licensees operating more than 500 stores to, as of today, five licensees operating less than 300 stores.

### **SPAR International's Position Today**

Today, SPAR International:

- Has no assets, equity, personnel or retail operations in Russia.
- Has supplied no products to Russian licensees and provided no support services since February 2022.
- Has terminated multiple Russian licence agreements since the outbreak of the war.
- Continues to monitor and comply fully with all applicable EU sanctions.
- Has increased financial, procurement and humanitarian support for SPAR Ukraine and independent Ukrainian retailers.

At the same time, SPAR Ukraine continues to demonstrate extraordinary resilience. Our Ukrainian colleagues and independent retailers have continued serving their communities despite over four years of war, often under exceptionally challenging

circumstances. Their determination embodies the values of entrepreneurship, local service and community commitment that lie at the heart of the SPAR model.

## **Looking Forward**

We recognise that many stakeholders view this issue through both legal and moral lenses. Since February 2022, SPAR International has sought to balance contractual obligations, legal responsibilities and ethical considerations while being as open and transparent as possible on what remains a complex and nuanced situation.

Our objective remains clear: to comply fully with all applicable laws and sanctions, continue supporting our Ukrainian SPAR retailers and their communities, and pursue every legally available opportunity to further reduce our remaining SPAR Brand's legacy presence in Russia.

## **B. QUESTIONS:**

**How does the continued existence of some 300 stores, including the opening of new locations, align with SPAR's claim that it has "actively" severed ties with Russia?**

- *SPAR International is not a listed multinational corporation directing operations around the world from a central headquarters. It is a collaboration of independent predominately family-owned businesses that have chosen to work together under a common brand. In Russia stores are owned and operated by locally owned, independent regional retailers under long-standing licence agreements.*
- *SPAR International does not own or operate stores, assets, inventory, personnel or retail operations in Russia. SPAR International has no involvement in day-to-day retail operations in Russia and does not approve, manage or support local store openings.*
- *In February 2022 SPAR International immediately ceased the supply of all products and services to Russian licencees. SPAR International has no assets, no equity, no personnel and no operations in Russia.*

**Following the AD investigation, will SPAR International take new steps to terminate the five remaining Russian licences?**

- *Where legally possible, agreements with Russia-based retailers have been terminated, reducing the network from sixteen licensees to five licensees operating today. While the remaining licences are contractually binding and governed by international contractual law, SPAR International is committed to pursuing every legally available opportunity to further reduce remaining contractual relationships in Russia.*
- *SPAR International has been open and transparent since the outbreak of the war to all media enquiries including the AD. We have consistently stated our position and consistent approach. The reality remains... based on extensive and ongoing legal advice these long-standing contractual agreements cannot simply be terminated unilaterally where licensees remain compliant and no legal prohibition applies.*
- *SPAR International has stated clearly its intention is to balance its contractual, legal and ethical considerations, maintain its longstanding and ongoing support to SPAR Ukraine, while at the same time continue to reduce the brands presence in Russia by every legal means possible.*

**Will SPAR take action against the five licensees regarding the sale of some EU-sanctioned products?**

- *SPAR International remains fully committed to complying with all applicable EU sanctions and continues to monitor sanctions developments.*
- *See critical clarification provided above. EU sanctions rules do not forbid Russian retailers (which are subject to Russian law) from selling these products in their stores in Russia.*

**Does SPAR accept responsibility for facilitating trade in sanctioned goods?**

- *No – and any suggestion of wrongdoing on the part of SPAR here would be completely false and misleading. See explanations above.*