

**THE FOSCHINI GROUP LIMITED**

(Registration No. 1937/009504/06)

**SHARE APPRECIATION RIGHTS PLAN 2020**

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## INTRODUCTION

The purpose of the SAR 2020 is to provide selected Employees with the opportunity to share in the growth of the Company through the granting of Awards thereby:

- a. recognising the contributions made by the Participants to the growth of the Company ensuring a close link between pay and performance;
- b. attracting and retaining suitably skilled and competent talent in the Company; and
- c. aligning the interests of the Participant and the interest of shareholders.

These Rules governing the SAR 2020 will govern all Awards made hereunder after [insert approval date]. For the avoidance of doubt, awards made under the SAR 2007 will continue to be governed under the SAR 2007.

The Vesting of SARs will be subject to the Employment Condition and the Performance Condition.

All Awards made under this SAR 2020 are subject to malus provisions as specifically outlined in these Rules.

## INTERPRETATION

### 1. Definitions

Unless otherwise provided for in the Rules or inconsistent with the context, the following words and expressions will have the following meanings:

- 1.1. **“Accept”** means the formal acceptance of an Award by way of completion of a Notice of Acceptance by an Employee and “Acceptance” shall bear the same meaning;
- 1.2. **“Act”** means the Companies Act 71 of 2008 as amended and any re-enactment or replacement thereof;
- 1.3. **“Auditors”** means the auditors of the Company from time to time;
- 1.4. **“Award”** means an award of a specified number of SARs to a Participant subject to the terms as set out in the Award Letter, and “Awarded” shall bear a similar meaning;
- 1.5. **“Award Date”** means the date on which the Remuneration Committee resolves to make an Award to an eligible Employee, as specified in the Award Letter, irrespective of the date of Acceptance thereof; **14.13**
- 1.6. **“Award Letter”** means a letter containing the information specified in Rule 3.6;
- 1.7. **“Award Price”** means a volume weighted average price (“VWAP”) of a Share determined by the Remuneration Committee and set out in the Award Letter;
- 1.8. **“Board”** means the board of Directors of the Company from time to time;
- 1.9. **“Business Day”** means any day on which the JSE is open for the transaction of business;
- 1.10. **“Capitalisation Issue”** means a capitalisation issue as contemplated in section 47 of the Act;
- 1.11. **“Change of Control”** means where a person (or persons acting together in concert), who did not have Control of the Company, through a transaction or series of transactions, acquires Control of the Company;

- 1.12. **“Change of Control Date”** means the date on which the Change of Control of the Company becomes effective;
- 1.13. **“Company”** means the Foschini Group Limited, a public company registered and incorporated with limited liability under the laws of South Africa, with registration number 1937/009504/06;
- 1.14. **“Company Official”** means the company official as approved by the Remuneration Committee from time to time, to be noted in the relevant meeting minutes;
- 1.15. **“Control”** means circumstances, as contemplated in International Financial Reporting Standard 10 and as validated by the Auditors as and when required, where an investor has all three of the following elements:
- (a) power over the Company;
  - (b) exposure or rights to variable returns from its involvement with the Company; and
  - (c) the ability to use its power over the Company to affect the amount of the investor's returns;
- 1.16. **“Date of Termination of Employment”** means the date on which the cessation of permanent employment or office of a Participant with any Employer Company takes effect;
- 1.17. **“Death”** means an event where the Participant's employ with the Company is terminated due to the Participant's death prior to the Vesting Date or Exercise of the Award;
- 1.18. **“Directors”** means the Company's directors from time to time;
- 1.19. **“Dismissal”** means an event where the Participant ceases to be an Employee of the Company due to his abscondment from an Employer Company or being lawfully dismissed from the employ of an Employer Company in compliance with the provisions of the LRA, prior to the Vesting Date or Exercise of the Award;
- 1.20. **“Disability”** means ill-health, injury, permanent physical or mental disability or incapacity of a Participant (such that the Participant becomes permanently incapacitated and thereby unable

to perform the functions which he is required to perform in the ordinary course of his employment with the Company or Employer Company;

- 1.21. **“Employee”** means any person holding permanent salaried employment or office with any Employer Company, but excluding any non-executive director of the Group; 14.1(a)
- 1.22. **“Employer Company”** means any company within the Group which employs an Employee;
- 1.23. **“Employment Condition”** means the condition of continued employment with any Employer Company for the duration of the Employment Period;
- 1.24. **“Employment Period”** means the period commencing on the Award Date and ending on the date as specified in the Award Letter during which the Participant is required to fulfil the Employment Condition;
- 1.25. **“Exercise”** means the conversion of SARs to Shares by the Participant or by his executor or the representative of the deceased estate of the Participant, subsequent to Vesting, and **“Exercised”** will have the same meaning;
- 1.26. **“Exercise Date”** means the date of receipt by the Company Official of the Exercise Notice or on the deemed Exercise Date as envisaged in Rules 8.10 and 8.12;
- 1.27. **“Exercise Notice”** means the notice referred to in Rule 6.1;
- 1.28. **“Exercise Period”** means the period during which the Award can be Exercised, namely from the Vesting Date to midnight on the date stated in the Award Letter as being the date on which the Awards will lapse;
- 1.29. **“Exercise Price”** means the Market Value on the Business Day immediately preceding the Exercise Date or deemed Exercise Date as envisaged in Rules 8.10 and 8.12;
- 1.30. **“Financial Year”** means the financial year of the Company which runs from April of each year, until changed, from which date the new period will apply;
- 1.31. **“FSP 2020”** means the Foschini Group Limited Forfeitable Share Plan 2020 adopted on [insert] 2020;

- 1.32. **“Group Entity”** means collectively, individually or separately, the Company, its Subsidiaries and entities or associates identified as such by the Directors and “Group Entities” or “Group” means all of them;
- 1.33. **“JSE”** means the exchange operated by the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended;
- 1.34. **“JSE Listings Requirements”** means the listings requirements as amended from time to time by the JSE, whether by way of practice note or otherwise;
- 1.35. **“Liquidation Date”** means the date on which application for the final liquidation of the Company is successful;
- 1.36. **“LRA”** means the Labour Relations Act 66 of 1995;
- 1.37. **“Malus”** means the reduction, (in part or in full) of a Participant’s Award due to the discovery of a Trigger Event before the Exercise Date;
- 1.38. **“Market Value”** means the VWAP of a Share, as quoted on the JSE, on any particular day on which a determination of the Market Value of the Shares is to be made for the purposes of these Rules;
- 1.39. **“Mutual Separation”** means an event where the Participant ceases to be in the employ of the Company as a result of an agreed termination between the Company and the Participant prior to the Vesting Date or Exercise of the Award;
- 1.40. **“Notice of Acceptance”** means a written or electronic notice completed by an Employee in respect of the Acceptance of an Award;
- 1.41. **“Participant”** means an Employee who has Accepted an Award, including the appointed executor, representative or curator of such Employee’s estate where appropriate;

- 1.42. **“Performance Condition”** means condition of Vesting, which will be applied to an Award, as set out in the Award Letter;
- 1.43. **“Performance Period”** means the period in respect of which a Performance Condition is to be satisfied, which could be aligned with the Financial Year of the Company, as set out in the Award Letter;
- 1.44. **“Price Sensitive Information”** as defined in the JSE Listings Requirements;
- 1.45. **“Prohibited Period”** means (a) a closed period as defined in the JSE Listing Requirements or (b) any period when there exists any matter which constitutes Price Sensitive Information in relation to the Company’s securities (whether or not the Participant has knowledge of such matters);
- 1.46. **“Recharge Policy”** means a policy or agreement in force from time to time between the Company and the Group Entities regulating the funding of the Settlement;
- 1.47. **“Remuneration Committee”** means the remuneration committee from time to time of the Board, the members of which do not hold any executive office within a Group Entity and who are charged with the governance of the SAR 2020; **14.4, 14.5**
- 1.48. **“Resignation”** means where a Participant voluntarily ceases his employment with the Company prior the Vesting Date or Exercise of the Award;
- 1.49. **“Retirement”** means normal retirement age as determined by the Company;
- 1.50. **“Redundancy”** means where a Participant’s employment with an Employer Company is terminated for operational requirements, as contemplated in the LRA prior to the Vesting Date or Exercise of the Award;
- 1.51. **“Rights Issue”** means the offer of any securities of the Company to all ordinary shareholders of the Company pro rata to their holdings at the record date (whether or not renounceable);
- 1.52. **“Rules”** means this document governing the SAR 2020, as amended from time to time;

- 1.53. **“SAR”** means a share appreciation right, being a right to participate in the increase in the value of a Share or any number of Shares (as specified in the Award Letter) between the Award Date and the Exercise Date of that number of SARs Awarded;
- 1.54. **“SAR 2020”** means the Foschini Group Limited Share Appreciation Rights Plan 2020 constituted by these Rules and adopted on [insert] 2020, as amended from time to time;
- 1.55. **“Settlement”** means, following the Exercise of an Award of SARs, the delivery to a Participant of the required number of Shares in accordance with the Settlement methods stipulated in Rule 7.4 and the words “Settle” and “Settled” will bear a corresponding meaning;
- 1.56. **“Settlement Date”** means the date on which Settlement shall occur;
- 1.57. **“Share”** means an ordinary share in the capital of the Company;
- 1.58. **“STT”** means Securities Transfer Tax levied in terms of the Securities Transfer Tax, No.25 of 2007;
- 1.59. **“Subsidiaries”** means a company which is a subsidiary of the Company within the meaning of the Act;
- 1.60. **“Trigger Event”** means an event as set out in the Award Letter, that may, if it is discovered before the Vesting Date result in Malus, it being recorded that as a guidance, the Trigger Events will be contained in the Company’s remuneration policy and will be contained in the Company’s annual Remuneration Report published to all shareholders for the ensuing Financial Year;
- 1.61. **“Vest”** means the event of fulfilment of the Performance Condition, in whole or partially, and the Employment Condition which causes the Award to become eligible for Exercise, and “Vesting” and “Vested” will have the same meaning; and
- 1.62. **“Vesting Date”** means the date on which Vesting occurs and upon which a SAR becomes capable of Exercise;
- 1.63. **“Voluntary Retirement”** means retirement other than Retirement in Rule 1.49.

## 2. Principles of interpretation

- 2.1. The headings in these Rules are inserted for reference purposes only and will in no way govern or affect the interpretation hereof.
- 2.2. If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect will be given to it as if it were a substantive provision.
- 2.3. Unless the context indicates otherwise:
- (a) derivatives of defined terms will be construed accordingly;
  - (b) an expression that denotes any gender includes the others;
  - (c) a natural person includes a created entity (corporate or unincorporated); and
  - (d) the singular includes the plural, and vice versa in each case.
- 2.4. References in these Rules to any statutory provisions include a reference to those provisions as amended or replaced from time to time and include any regulations made under them.
- 2.5. Any annexures or other documentation to be applied in conjunction with these Rules will be incorporated in these Rules as if they had been executed as part of the implementation of the SAR 2020.

## 3. Making of Awards

### **Time when Awards may be made**

- 3.1. The Remuneration Committee may, on the recommendation of any Employer Company, make Awards to Employees;
- 3.1.1. after the SAR 2020 has been approved by shareholders; and
  - 3.1.2. on any day on which there are no restrictions on the making of Awards, being restrictions imposed by a Prohibited Period, statute, order, regulation or directive, or by any code adopted

by the Company relating to dealings in Shares by Directors or the JSE Listings Requirements, as the case may be.

**Basis of Awards and affordability 14.1(f)**

- 3.2. The Remuneration Committee will have final authority to decide:
- 3.2.1. which Employees will participate in the SAR 2020 in respect of each Award;
  - 3.2.2. subject to Rule 12, the aggregate quantum of Awards to all Employees;
  - 3.2.3. subject to Rule 12, the number of SARs that may comprise an Award to an Employee by taking into account the Employee's salary, grade, individual performance, retention requirements and market benchmarks, as appropriate;
  - 3.2.4. Employment Period(s);
  - 3.2.5. if applicable, the terms of Performance Conditions;
  - 3.2.6. if applicable, Performance Period(s);
  - 3.2.7. if an Award is subject to Malus; and
  - 3.2.8. any other conditions (for example if the Settled Shares will be subject to share ownership requirements) and all other issues relating to the governance and administration of the SAR 2020.
- 3.3. In approving the aggregate Awards, the Remuneration Committee shall consider the overall affordability of the Group.

**Procedure for making Awards**

- 3.4. When the Remuneration Committee approves Awards, the Company and the Employer Company of each Employee who has been approved for participation in the SAR 2020 will be notified.

- 3.5. The Company Official will issue an Award Letter to every Employee who has been approved for participation in the SAR 2020 as soon as is practically possible after receiving the Remuneration Committee's notification in terms of Rule 3.4.

**Award Letter**

- 3.6. The Award Letter will be in writing and will specify the terms of the Award, including:

- 3.6.1. the name of the Employee;
- 3.6.2. the Award Date;
- 3.6.3. the number of SARs comprising the Award;
- 3.6.4. the Award Price;
- 3.6.5. the Employment Period;
- 3.6.6. the Performance Conditions and Performance Period, if applicable;
- 3.6.7. the Vesting Date;
- 3.6.8. the Exercise period;
- 3.6.9. if the Award is subject to Malus;
- 3.6.10. that the Employee must Accept the Award in writing; and
- 3.6.11. any other relevant terms and conditions.

**Awards are non-transferrable**

- 3.7. An Award is personal to an Employee to whom it is addressed and may only be acted on by such Employee.

**Acceptance of Awards**

- 3.8. An Employee must Accept an Award in writing within the period and in the format specified in the Award Letter.
- 3.9. Failing such Acceptance of an Award, the Award will be deemed to have been rejected.

#### **Conditions attaching to Awards**

- 3.10. The Vesting of Awards will be subject to the satisfaction of the Employment Condition over the Employment Period.
- 3.11. In addition, the Vesting of Awards may be subject to the satisfaction of Performance Conditions.
- 3.12. Furthermore, Awards could be made subject to Malus if so determined by the Remuneration Committee.

#### **Awards are free**

- 3.13. Save for STT, which an Employer Company may recover from a Participant, a Participant will not be required to give any consideration for the receipt or Settlement of an Award. 14.1(d)(i)
- 3.14. The method of recovering the STT will be agreed between an Employer Company and a Participant prior to the Settlement Date. Failing such agreement being reached, an Employer Company may withhold the required amount from a Participant's salary or any other payments due to the Participant.

### **4. Setting and review of Performance Conditions**

#### **Setting of the Performance Conditions**

- 4.1. Any Performance Conditions or other conditions imposed by the Remuneration Committee for the Vesting of an Award will be objective and set out in, or attached in the form of a schedule to the Award Letter.
- 4.2. Should an event occur at any point during the Performance Period which causes the Remuneration Committee to consider that the Performance Conditions or further conditions

are no longer appropriate, the Remuneration Committee may substitute or vary the Performance Conditions or further conditions in such manner as:

- 4.2.1. is reasonable in the circumstances; and
- 4.2.2. produces a fairer measure of performance and is not materially less or materially more difficult to satisfy.
- 4.3. The Award will then take effect subject to the Performance Conditions and further conditions as so substituted or varied and communicated to the Participant.

#### **Review of Performance Conditions**

- 4.4. For an Award which is subject to Performance Conditions:
  - 4.4.1. As soon as reasonably practicable after the end of the Performance Period in relation to an Award, the Remuneration Committee will review the Performance Conditions.
  - 4.4.2. If the Remuneration Committee is satisfied that the Performance Conditions have been fulfilled, the Remuneration Committee will calculate the number of Awards that will Vest for each Participant and will notify the Participant of this fact accordingly.
  - 4.4.3. To the extent that the Remuneration Committee is satisfied that the Performance Conditions have not been fulfilled, the Awards will not Vest and will be forfeited immediately. The Participant will be notified of such fact accordingly. No consideration will be payable to the Participant.
- 4.5. In the event that the Performance Conditions or further conditions have to be reviewed prior to the end of the Performance Period, as envisaged in Rules 4.4, the Remuneration Committee will, depending on the nature of the conditions, have regard to the following when determining whether, and the extent to which, they have been satisfied:
  - 4.5.1. where the event which triggers the early review occurs within 6 (six) months of the end of the Company's preceding Financial Year end, the Performance Conditions or further conditions

will be reviewed with reference to the results reported by the Company at its previous Financial Year end; and

- 4.5.2. where the event which triggers the early review occurs more than 6 (six) months after the end of the Company's preceding Financial Year end, the Performance Conditions or further conditions will be reviewed with reference to the results to be reported by the Company in respect of the forthcoming Financial Year end.

## 5. **Vesting of Awards**

### **Vesting Date of Awards**

- 5.1. Subject to Rules 8 and 9, Awards will Vest on the later of:
- 5.1.1. the date on which the Participant has satisfied the Employment Condition as specified in the Award Letter; and
- 5.1.2. to the extent applicable, the date on which the Remuneration Committee determines that the Performance Condition has been met; and
- 5.1.3. to the extent applicable, any other conditions imposed have been satisfied.

### **Effect of Awards Vesting**

- 5.2. The effect of an Award Vesting will be that the Award can be Exercised by a Participant in accordance with Rule 6.

### **Vesting of Awards are free**

- 5.3. No amount will be payable by a Participant in respect of the Vesting of an Award.

## 6. **Exercise of Awards**

### **Manner of Exercise of Awards**

- 6.1. Awards which have Vested must be Exercised by a Participant by notice in writing or by electronic mail delivered to the Company. Such an Exercise Notice must be completed, signed

by the Participant or by his appointed agent or if the Awards are Exercised after the Participant's death, by his executor or representative of his deceased estate, and must specify the number of Awards that are being Exercised.

- 6.2. Awards that have not Vested may not be Exercised.

#### **Exercise Period of Awards**

- 6.3. Subject to Rule 6.4, Vested Awards may be Exercised at any time before the expiry of the Exercise Period.

- 6.4. Notwithstanding anything to the contrary contained in these Rules, no Awards may be Exercised during a Prohibited Period, or during a period adopted by the Company relating to dealings in securities or the JSE Listing Requirements, as the case may be.

#### **Effect of Exercise of Awards**

- 6.5. The effect of the Exercise of an Award will be that the Award will be Settled to a Participant in accordance with Rule 7.

- 6.6. A Participant will not be entitled to any rights in and to the Awards prior to the Settlement of such an Award. 14.1(e)

#### **Exercise of Awards are free**

- 6.7. No amount will be payable by a Participant in respect of the Exercise of an Award.

### **7. Settlement of Awards**

#### **Timing of Settlement**

- 7.1. Following the Exercise of Awards, the Company or relevant Employer Company will as soon as practically possible but no later than 30 (thirty) days of the Exercise Date procure the Settlement of the number of Shares calculated in accordance with Rule 7.3 to the Participant (without deducting any costs or income tax), in accordance with the Settlement methods described in Rule 7.4.

- 7.2. Shares intended for use in the Settlement of the SAR may not be purchased during a Prohibited Period. 14.9(e)

#### **Determining the number of Shares to Settle**

- 7.3. The number of Shares to be delivered to the Participant in accordance with Rule 7.1 will be calculated by reference to the formula:

$$A = \left[ \frac{B - C}{B} \right] \times D$$

Where:

A = the number of Shares, rounded to the nearest whole number, to which a Participant is entitled;

B = the Exercise Price;

C = the Award Price; and

D = the number of SARs being exercised.

#### **Manner of Settlement of Awards**

- 7.4. Any one of the following Settlement methods may be used, as directed by the Remuneration Committee:
- 7.4.1. The Company or relevant Employer Company will, if so instructed by the Remuneration Committee, incur an expense by making a cash contribution to any third party equal in value to the purchase consideration for the required number of Shares in Settlement of the Award on the basis that the third party will acquire the required number of Shares on the market and effect Settlement to the Participant; or 14.9(c)
- 7.4.2. The relevant Employer Company by which that Participant is employed will use Shares held in treasury account and effect Settlement to that Participant; or

7.4.3. The Company or relevant Employer Company by which that Participant is employed will, if so instructed by the Remuneration Committee, incur an expense by paying the purchase contribution to any Subsidiary, other than an Employer Company, which holds Shares in treasury account for Settlement to that Participant, on the basis that the Subsidiary will deliver the Shares to the Participant for and on behalf of the Company or relevant Employer Company, for the purpose of discharging the Company or relevant Employer Company's obligation to deliver Shares to that Participant. The purchase contribution which the Company or relevant Employer Company will pay to the Subsidiary will be either:

- (a) the Market Value per Share on the Settlement Date; or
- (b) any other minimum value per Share as prescribed in the Act; or
- (c) an amount equal to the cost incurred by the Subsidiary in acquiring the Shares held in treasury.

7.4.4. The Company or relevant Employer Company will, if so instructed by the Remuneration Committee, incur an expense by paying the purchase consideration to a third party equal in value to the subscription price of the Shares concerned, on the basis that the third party will acquire the number of Shares required for the purpose of discharging the Company or Employer Company's obligation to deliver Shares to Participants and effect Settlement to the Participant, by way of subscription for new Shares to be issued by the Company, for a subscription price per Share of either:

- (a) the Market Value per Share on the Settlement Date; or
- (b) any other minimum value per Share as prescribed in the Act; or

7.4.5. the Company will issue Shares to the Participants.

7.5. Where the Company issues the Shares or incurs costs in the Settlement of an Award, whether in the form of the cash contribution or otherwise, the Company will recharge such costs to the relevant Employer Company in terms of the Recharge Policy.

- 7.6. In exceptional circumstances only and notwithstanding rule 7.1, the Remuneration Committee may direct that the Award is Settled in cash on the Settlement Date.

#### **Effect of Settlement**

- 7.7. A Participant will be entitled to all shareholder rights in respect of the Shares received on Settlement as of the Settlement Date and the Shares will rank *pari passu* with existing shares.

14.1(e)

#### **Cost of Settlement**

- 7.8. The Company or Employer Company will remain responsible to procure the Settlement of Shares in terms of the Award to the Participants employed by them on the Settlement Date, or as may otherwise be regulated under the Recharge Policy.

- 7.9. Where the Company incurs costs in the Settlement of an Award on behalf of an Employer Company, whether in the form of the cash contribution or otherwise, the Company will recharge such costs to the relevant Employer Company in terms of the Recharge Policy.

- 7.10. Similarly, where an Employer Company incurs costs in the Settlement of an Award of a Participant employed by the Company or another Employer Company, such an Employer Company will recharge the costs to the Company or relevant Employer Company that employs the Participant in terms of the Recharge Policy.

8. **Termination of employment** 14.1(h)

#### **Resignation and Dismissal**

- 8.1. Where the employment of the Participant is terminated for any of the following reasons:

8.1.1. Resignation; or

8.1.2. Dismissal;

All unexercised Awards (albeit Vested or unvested) of a Participant will be forfeited on the Date of Termination of the Employment. No consideration will be payable to the Participant.

8.2. A Participant will not be treated as ceasing to be an Employee of an Employer Company if, on the same date on which he ceases to be an Employee of an Employer Company, he is employed by another Employer Company.

**Retirement, Voluntary Retirement, Retrenchment, Disability and sale of an Employer Company**

8.3. Subject to the Remuneration Committee determining otherwise in their absolute discretion, where the employment of the Participant is terminated for any one of the following reasons:

8.3.1. Retirement;

8.3.2. Voluntary Retirement;

8.3.3. Retrenchment;

8.3.4. Disability; or

8.3.5. a Participant's employment with an Employer Company transfers to any third party pursuant to section 197 of the LRA

a portion (as determined in terms of Rule 8.5) of a Participant's unvested Awards will Vest on the Date of Termination of Employment or the date as soon as reasonably practicably possible thereafter when the Remuneration Committee has determined the extent to which the Performance Condition, where applicable, has been met in accordance with Rule 4.5.

8.4. The portion of the Award that does not Vest will be forfeited on the Date of Termination of Employment. No consideration will be payable to the Participant for such forfeited portion.

8.5. The portion to Vest will be determined based on the number of complete months served since the Award Date to the Date of Termination of Employment, over the total number of months in the Employment Period and adjusted based on the extent to which the Performance Conditions have been met in accordance with Rule 4.5.

- 8.6. To the extent that there is more than one Vesting Date and more than one Employment Period in respect of a particular Award, the calculation for determining the portion of the Award which will Vest will be carried out in respect of each Employment Period.
- 8.7. The portion of the unvested Award which has been determined to Vest as per Rule 8.5, those Awards can be exercised within a period of 12 months following the Date of Termination of Employment, but subject to the Exercise Period. To the extent that an Award is not exercised during this period, it will lapse.
- 8.8. Where a Participant holds Vested but unexercised SARs on the Date of Termination of Employment and the reason for termination is as set out in Rule 8.3, those Awards can be Exercised within a period of 12 months following the Date of Termination of Employment, but subject to the Exercise Period. To the extent that an Award is not Exercised during this period, it will lapse. No consideration will be payable to the Participant.

#### **Death**

- 8.9. Where the employment of the Participant is terminated as a result of Death, a portion (as determined in terms of Rule 8.10) of a Participant's unvested Awards will Vest on the Date of Termination of Employment..
- 8.10. The portion to Vest will be determined based on the number of complete months served since the Award Date to the Date of Termination of Employment, over the total number of months in the Employment Period and adjusted based on the extent to which the Performance Conditions have been met with reference to immediately preceding Financial Year. The portion of the Award determined to Vest will be deemed as Exercised on the Date of Termination of Employment at the Exercise Price and will be Settled as soon as is practical.
- 8.11. To the extent that there is more than one Vesting Date and more than one Employment Period in respect of a particular Award, the calculation for determining the portion of the Award which will Vest will be carried out in respect of each Employment Period.
- 8.12. The portion of the Award that does not Vest will be forfeited on the Date of Termination of Employment. No consideration will be payable to the Participant for such forfeited portion.

- 8.13. Where a Participant holds Vested but unexercised SARs on the Date of Termination of Employment and the reason for termination is as set out in Rule 8.9, those Awards will be deemed as Exercised on the Date of Termination of Employment at the Exercise Price and will be Settled as soon as is practical. .

### **Mutual Separation**

- 8.14. Subject to the Remuneration Committee determining otherwise in its absolute discretion, where the employment of the Participant is terminated as a result of Mutual Separation, all unexercised (albeit Vested or unvested) Awards of a Participant will be forfeited immediately on the Date of Termination of the Employment. No consideration will be payable to the Participant.
- 8.15. If the Remuneration Committee applies its discretion in terms of Rule 8.14, the maximum portion of the unvested Award which will Vest will be determined based on the extent to which the Performance Condition imposed in terms of Rule 1.42 has been satisfied. The portion to Vest will be determined based on the number of complete months served since the Award Date to the Date of Termination of Employment over the total number of months in the Employment Period and adjusted based on the extent to which the Performance Conditions have been met in accordance with Rule 4.5.
- 8.16. If the Remuneration Committee applied its discretion in terms of Rule 8.14 and determined that a portion of the unvested Award will Vest in terms of 8.15, those Awards must be Exercised immediately on the Date of Termination of Employment. To the extent that an Award is not Exercised, it will lapse. No consideration will be payable to the Participant.

### **Exceptional circumstances**

- 8.17. The Remuneration Committee has a discretion to deviate from the application of Rule 8, subject to compelling reasons existing for such a deviation and with these reasons being documented and reported on to the shareholders of the Company.

8.18. In these exceptional circumstances, Rules 8.3 will apply to determine the portion of the Awards to Vest on the Date of Termination of Employment or as soon as reasonably practicable thereafter.

8.19. Rule 8.7 shall apply to the portion of Awards which have Vested in terms of Rule 8.18.

8.20. The portion of the Awards that does not Vest will be forfeited. No consideration will be payable to the Participant.

## 9. **Malus**

9.1. Notwithstanding any other provision of the Rules, should a Trigger Event occur and be discovered at any time before the Exercise of an Award to which the Remuneration Committee has specified that Malus applies, the Remuneration Committee may in its discretion, reduce the Award in whole or in part (including, for the avoidance of doubt, to nil) in accordance with the provisions of these rules read in conjunction with the Award Letter and remuneration policy.

9.2. Whenever a reduction is made, the relevant Award or portion thereof, as relevant, shall be treated as having immediately been forfeited. No consideration will be payable to the Participant.

## 10. **Change of Control 14.1(g)**

10.1. In the event of a Change of Control of the Company before the Vesting Date, a portion of the Awards shall Vest as soon as possible of such occurrence of a Change of Control. The portion to Vest will be determined based on the number of complete months served since the Award Date to the Change of Control Date over the total number of months in the Employment Period and adjusted based on the extent to which the Performance Conditions have been met by reference to immediately preceding Financial Year. The portion of the Awards that do not Vest on the Change of Control, will continue to be subject to the terms of the Award Letter relating thereto unless, the Remuneration Committee, in its absolute discretion, determines that the terms of the Award Letter relating thereto are no longer appropriate, in which case the

Remuneration Committee shall make such adjustment to the number of Awards or take such other action as may be required.

10.2. To the extent that there is more than one Vesting Date and more than one Employment Period in respect of a particular Award, the calculation set out in Rule 10.1 shall be carried out in respect of each Employment Period.

10.3. The Remuneration Committee will have the discretion to specify a date following such Vesting by when the Participants will be able to exercise Awards Vested in terms of Rules 10.1 and 10.2. To the extent that Awards are not exercised by this date, they will lapse.

10.4. The portion of the Award that does not Vest on the Change of Control Date will lapse. No consideration will be payable to the Participant. 14.3 (a)

10.5. If there is an internal reorganisation in the Company which does not involve any Change of Control or if any other event happens which may affect the Awards, including the Shares ceasing to be listed on the JSE, the Committee may take such action as it considers appropriate to protect the interests of Participants, provided and to ensure that the Participant is not in a substantially worse economic position as he was prior to such event occurring.

10.6. If the Company is placed into liquidation for purposes other than reorganisation, the Award shall ipso facto lapse as from the Liquidation Date. No consideration will be payable to the Participant.

#### 11. **Variation of Share Capital** 14.3(a) (b) (c)

11.1. In the event of a Rights Issue, Capitalisation Issue, unbundling or any other corporate action or other event affecting the share capital of the Company or in the event of the Company making distributions including a distribution in specie or a payment in terms of section 46 of the Companies Act (other than a dividend paid in the ordinary course of business out of distributable reserves) before the Vesting Date in respect of an Award, the Committee may make such adjustment to the number of unvested Shares comprised in the Award or the Award Price as it deems appropriate. Such adjustment should place the Participant in no substantially worse economic position as he was prior to such event occurring.

- 11.2. The issue of Shares as consideration for an acquisition, and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to Awards. 14.3(c)
- 11.3. The Company will notify the Participants of any adjustments which are made under Rule 11 and will further comply with Rule 14. Where necessary, in respect of any such adjustments, the Company's Auditors, acting as experts and not as arbitrators and whose decision will be final and binding on all persons affected thereby (save for manifest error), will confirm to the Company in writing that these are calculated on a reasonable and non-prejudicial basis. 14.3(d)
- 11.4. Any adjustments made will be reported in the Company's annual financial statements in the year during which the adjustment is made. 14.3(e)
- 11.5. If the Company is placed into liquidation for purposes other than reorganisation, an Award will *ipso facto* lapse as from the Liquidation Date. 14.1(e)

## 12. Forfeiture and lapse of awards

- 12.1. Notwithstanding any other provision of the Rules, an Award shall lapse on the earliest of:
- 12.1.1. The Remuneration Committee determining that the Performance Condition(s) (to the extent applicable), has not been satisfied either in whole or in part;
- 12.1.2. The Awards being forfeited in terms of Rule 8;
- 12.1.3. Upon the expiry of the Exercise Period as specified in the Award Letter, to the extent that they are not exercised;
- 12.1.4. The Liquidation Date;
- 12.1.5. The occurrence of a Trigger Event and application of Malus; and
- 12.1.6. Any other date provided for under these Rules.

12.2. Notwithstanding the provisions of Rule 12.1, if an extended Exercise Period is required due to the fact that the Exercise Period expires during a Prohibited Period, the Exercise Period will be extended for a period of 90 (ninety) days from the end of the Prohibited Period.

**13. Amendments and termination 14.2**

13.1. The Remuneration Committee may at any time, alter, vary or add to these terms and conditions as it thinks fit. Amendments to these terms and conditions may only affect Awards to Participants that have already been made if they are to the advantage of Participants, subject to the JSE Listings Requirements.

13.2. Amendments to the SAR 2020 may only affect Awards to Participants that have already been made if they are to the advantage of Participants, and subject to the JSE Listings Requirements.

13.3. Except as provided in Rule, the provisions relating to: 14.2

13.3.1. The category of persons who are eligibility for participation in the SAR 2020 as envisaged in Rule 1.21; 14.1(a)

13.3.2. the number of Shares which may be utilised for the purpose of the SAR 2020 as envisaged in Rule 14; 14.1(b)

13.3.3. the individual limitations on benefits or maximum entitlements envisaged in Rule 14.4; 14.1(c)

13.3.4. the basis upon which Awards are made as stipulated in Rule 3.2; 14.1(f)

13.3.5. the amount payable upon Award, Vesting, Exercise and Settlement; 14.1(d)(i)

13.3.6. the rights attached to the Awards, including those arising on a liquidation of the Company; 14.1(e)

13.3.7. the adjustment of Awards and price in the event of a Variation of Capital of the Company as stipulated in Rule 11; 14.1(g)

13.3.8. the procedure to be adopted in respect of the Vesting of Awards in the event of a Change of Control as stipulated in Rule 10; 14.1(g)

13.3.9. the procedure to be adopted in respect of the Vesting of Awards in the event of termination of employment as envisaged in Rule 8; and 14.1(h)

13.3.10. the terms of this Rule 13.3,

may not be amended without the prior approval of the JSE and by ordinary resolution of 75% (seventy five percent) of shareholders of the Company, present or by proxy, in general meeting, excluding all the votes attached to all Shares owned by persons as a result of the Exercise of Awards under this SAR 2020 who are existing Participants in the SAR and who may be impacted by the changes.

13.4. Subject to JSE notification and approval, the Remuneration Committee may make minor amendments for ease of the administration of the SAR 2020, to comply with or take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable, taxation or regulatory treatment of the Company or any Employer Company or any present or future Participant.

13.5. The Remuneration Committee may terminate the SAR 2020 at any time, but Awards before such termination will continue to be valid and as described in the provisions of the SAR 2020.

#### 14. SAR 2020 and individual limits

##### **Overall limits 14.1(b)**

14.1. Subject to Rules 14.5 and 14.6, the aggregate number of Shares at any one time which may be Settled in respect of this SAR 2020 and the FSP 2020 collectively to all Participants will not exceed **[insert number of Shares] (insert number of Shares in words)** Shares, which equates to approximately **[5%]** of the number of issued Shares at the date of adoption of the SAR 2020 and FSP 2020. In the event of a discrepancy between number of Shares and the percentage it represents, the number will prevail.

14.2. In determining the number of Shares Settled in respect of this SAR 2020, for the purposes of Rule 14.1, the following will be included:

14.2.1. the number of Shares held in treasury account and which have been utilised by the Company in Settlement of Awards in terms of this SAR 2020, as contemplated in Rules 7.4.2 and 7.4.3; and

14.2.2. the number of Shares issued by the Company in Settlement of this SAR, as contemplated in Rules 7.4.4 and 7.4.5.

14.3. In determining the number of Shares Settled in respect of this SAR 2020 for the purposes contemplated in Rule 14.1, the following will be excluded:

14.3.1. Shares purchased in the market as contemplated in Rule 7.4.1 in Settlement of Awards in terms of this SAR will be excluded. 14.9(c)

**Individual limits 14.1(c)**

14.4. Subject to the provisions of Rules 14.5 and 14.6, the maximum number of Shares Settled to any single Participant in terms of this SAR 2020 and FSP 2020 collectively, will not exceed **[insert number of Shares] (insert number of Shares in words)** Shares, which equates to approximately **[1%]** of the number of issued Shares at the date of adoption of the SAR 2020 and FSP 2020. In the event of a discrepancy between number of Shares and the percentage it represents, the number of Shares will prevail.

**Adjustments relating SAR limits 14.3(a), (b), (c), (d) and (e)**

14.5. The Remuneration Committee must, where required, adjust the number of Shares stated in Rule 14.1 and 14.4 (without the prior approval of shareholders of the Company in a general meeting), to take account of a sub-division or consolidation of the Shares. Such adjustment should ensure that these limits represents the same proportion of the issued share capital of the Company as it represented before such event. 14.3(a)

14.6. The Remuneration Committee may, where required, adjust the number of Shares stated in Rule 14.1 and 14.4 (without the prior approval of shareholders of the Company in a general

meeting) to take account of a Capitalisation Issue, a special dividend, a Rights Issue or reduction in capital of the Company. Such adjustment should give a Participant an entitlement to the same proportion of the equity capital of the Company as that to which he was previously entitled. 14.3(b)

14.7. The Auditors, or other independent advisor acceptable to the JSE, will confirm to the JSE in writing that any such adjustment made in terms of Rule 14.5 and 14.6 has been properly calculated on a reasonable and equitable basis, in accordance with the Rules. 14.3(d)

14.8. The issue of Shares as consideration for an acquisition, and the issue of Shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to limit stated in Rule 14.1 and 14.4. 14.3(c)

14.9. Any adjustments made in terms of Rule 14.5 and 14.6 must be reported on in the Company's financial statements in the year during which the adjustment is made. 14.3(e)

## 15. Further conditions

15.1. Except as otherwise provided in the Rules, the Participant has no right to any compensation, damages or any other sum or benefit by reason of the fact that:

15.1.1. he ceased to be a Participant in the SAR 2020; or

15.1.2. any of his rights or expectations under this SAR 2020 were reduced or lost.

15.2. Where a Participant is transferred from one Employer Company to another Employer Company:

15.2.1. all Awards made to such Participant by the first Employer Company will remain in force on the same terms and conditions as set out in these Rules; and

15.2.2. the second Employer Company will assume a pro-rata portion of the first Employer Company's obligations in respect of the relevant Awards in consideration for obtaining the Participant's services from the first Employer Company.

- 15.3. The Company will ensure compliance with paragraphs 3.63 – 3.74 (director dealings) of the JSE Listings Requirements in terms of share dealings by the Company relating to the SAR.  
14.9(d)
- 15.4. Shares will only be issued or purchased once a Participant has been formally identified.  
14.9(a)
- 15.5. The issue of Shares to Employees who do not fall under the Rules of this SAR 2020 will be treated as a specific issue for cash as contemplated in paragraph 5.51 of the JSE Listings Requirements.14.11
16. **Disclosure in annual financial statements 14.8**
- 16.1. The Company will disclose in its annual financial statements, to the extent required by the Act or the JSE Listings Requirements, the number of Shares that may be utilised for purposes of the SAR 2020 at the beginning of the Financial Year and changes in such number during the Financial Year and the balance of Shares available for utilisation for purposes of the SAR 2020 at the end of the Financial Year.
17. **Notices**
- 17.1. Any notice or other document given to any Employee or Participant pursuant to the SAR 2020 may be sent to his personal email address or delivered by hand to his home address according to the records of the Company, or to such other email address as may appear to the Remuneration Committee to be appropriate. Notices or other documents sent by email will be deemed to have been given or received on the day of sending, and those delivered by hand will be deemed to have been given or received on the day of delivery.
- 17.2. Any notice or document given to the Company or Employer Company pursuant to the SAR 2020 will be delivered to it or sent by post to its registered office marked for the attention of the Company Official, or such other address as may be specified by the Company and the documents will not be deemed to have been received before actual receipt by the Company Official.

17.3. Notwithstanding anything to the contrary herein contained, a written notice or document which is actually received by a person will be adequate for purposes of this SAR 2020, notwithstanding that such notice or document was not received at that party's stated address for delivery of notices.

## 18. Disputes

18.1. Any disputes arising from or in connection with this SAR 2020, (save in respect of any decisions or other approvals or determinations made by the Remuneration Committee which shall, in all cases, be made in its sole discretion and which shall be final and binding), will be finally resolved in accordance with the Commercial Rules of the Arbitration Foundation of Southern Africa (or its successor in title) ("AFSA") by an arbitrator appointed by AFSA. There will be a right of appeal as provided for in such rules.

18.2. If AFSA no longer exists, then the arbitrator will be appointed by the President for the time being of the South African Legal Practice Council and the arbitration will be conducted in accordance with the Arbitration Act, No. 42 of 1965.

18.3. Notwithstanding anything to the contrary contained in this Rule 18, either Party will be entitled to obtain interim relief on an urgent basis from any competent court having jurisdiction.

18.4. For the purposes of this SAR 2020 (and, in particular this Rule 18, and also for the purposes of having any award made by the arbitrator being made an order of court), the Company and each Participant hereby consent and submit to the non-exclusive jurisdiction of High Court of South Africa, Western Cape Division, Cape Town.

18.5. This Rule 18 is severable from the rest of this SAR 2020 and will remain in full force and effect notwithstanding the termination of this SAR 2020 or any declaration of invalidity.

## 19. Governing law

19.1. The SAR 2020 and these Rules shall be governed by the laws of the Republic of South Africa.

19.2. This SAR 2020 was duly adopted at a shareholders meeting of the Company held at [insert] on [insert], the Rules of the SAR 2020 having been made available for inspection for at least 14 (fourteen) days prior to the general meeting at the Company's office. 14.7

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**Chairperson of the General Meeting**

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