

**REMGRO LIMITED**

(Registration No. 1968/006415/06)

**SHARE APPRECIATION RIGHTS PLAN (“SAR”)**



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## 1. **INTRODUCTION**

- 1.1 The purpose of the SAR is to provide Employees, with the opportunity of receiving Shares in the Company. The SAR will provide Participants with the opportunity to share in the success of the Company and provide alignment between the Participants and shareholders.
- 1.2 The Vesting of SARs will be subject to the Employment Condition and may be subject to Performance Condition(s).

## 2. **INTERPRETATION**

- 2.1. In these Rules, unless inconsistent with the context, the following words and expressions shall have the meanings set out hereafter.

- 2.1.1. "Accept" the completion of a Notice of Acceptance, by an Employee in terms of Rule 5.3.2 and the delivery thereof as indicated in Rule 17 and "Accepted" or "Acceptance" shall be construed accordingly;
- 2.1.2. "Act" the Companies Act 71 of 2008 as amended and any re-enactment or replacement thereof;
- 2.1.3. "Auditors" the auditors of the Company from time to time;
- 2.1.4. "Award" an award of a specified number of SARs to an Employee in terms of the SAR in accordance with Rule 3.1 and "Awarded" shall bear a similar meaning;
- 2.1.5. "Award Date" the date, specified in the Award Letter, on which an Award is made to an Employee,

being a date not earlier than the date on which the Committee resolved to make such an Award to the Employee, irrespective of the date on which the Award is actually accepted by the Employee, unless otherwise instructed or specified in the Rules; 14.13

- 2.1.6. “Award Letter” a letter containing the information specified in Rule 5.2 sent by the Company, or its nominee, on the recommendation of the Employer Company, to an Employee informing the Employee of the Award to him;
- 2.1.7. “Award Price” in relation to each SAR which is the subject of an Award, the Market Value of a Share on the Award Date;
- 2.1.8. “Business Day” any day on which the JSE, is open for the transaction of business;
- 2.1.9. “Capitalisation Issue” a capitalisation issue as contemplated in section 47 of the Act;
- 2.1.10. “Change of Control” 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;

2.1.11.	“Change of Control Date”	the date on which the Change of Control of the Company becomes effective;
2.1.12.	“Committee”	the Remuneration and Nomination Committee of the board of Directors, the members of which do not hold any executive office within the Group and are charged with the governance of the CSP, from time to time; 14.4, 14.5
2.1.13.	“Company”	Remgro Limited, a public company registered and incorporated with limited liability under the laws of South Africa, with registration number 1968/006415/06;
2.1.14.	“Company Secretary”	the secretary of the Company from time to time;
2.1.15.	“Control”	means: <ul style="list-style-type: none"> <li>a) the holding of shares or the aggregate of holdings of shares or other securities in the Company entitling the holder thereof to exercise, or cause to be exercised, more than 50% (fifty percent) of the voting rights at shareholder meetings of the Company; or</li> <li>b) the holding or control by a shareholder or member alone or pursuant to an agreement with other shareholders or members of more than 50% (fifty</li> </ul>

percent) of the voting rights in the Company; or

c) the entitlement, direct or indirect, to appoint a majority of Directors of the board of Directors of the Company, or to appoint or remove Directors having a majority of the votes exercisable at meetings of the board of Directors of the Company;

2.1.16. "Date of Termination of Employment" the date upon which a Participant is no longer permanently employed by, or ceases to hold permanent salaried office in, any Employer Company, provided that, where a Participant's employment is terminated without notice or in terms in lieu of notice, the Date of Termination of Employment shall be deemed to occur on the date on which the termination takes effect, and where such employment is terminated with notice, the Date of Termination of Employment shall be deemed to occur upon the date on which that notice expires;

2.1.17. "Directors" the directors of the Company from time to time;

2.1.18. "Employee" any person holding permanent salaried employment or office with the Company or any Employer Company, but excluding any

non-executive director of the Group;  
14.1(a), 14.4, 14.5

- 2.1.19. “Employer Company” the Company or any company in the Group which employs a Participant, and will have an obligation to Settle Shares to such Participant;
- 2.1.20. “Employment Condition” unless otherwise provided in these Rules, the condition of continued employment with the Group for the duration of the Employment Period, as specified in the Award Letter;
- 2.1.21. “Employment Period” the period(s) commencing on the Award Date and ending on the date(s) as specified in the Award Letter (both dates included) during which the Participant is required to fulfil the Employment Condition;
- 2.1.22. “Exercise Date” in respect of any SARs which are exercised by a Participant or by his executor or the representative of the deceased estate of the Participant, the date on which the Exercise Notice is received by the Company and “Exercise” shall be construed accordingly;
- 2.1.23. “Exercise Notice” the notice referred to in Rule 8.1;

- 2.1.24. "Exercise Price" in relation to each SAR which is the subject of an Award, the Market Value of a Share on the Exercise Date;
- 2.1.25. "Financial Year" the financial year of the Company which currently runs from 1 July to 30 June of each year, as amended from time to time;
- 2.1.26. "Group" means:
- i. the Company; and
  - ii. its Subsidiaries from time to time;
  - iii. such other entities or joint ventures as identified by the Directors; and
  - iv. associate companies of the Company determined in accordance with International Accounting Standards;
- 2.1.27. "JSE" the JSE Limited, a public company duly registered and incorporated with limited liability under the company laws of South Africa with registration number 2005/022939/06, licensed to operate an exchange under the Financial Markets Act, 19 of 2012, as amended or replaced from time to time;



- 2.1.28. “JSE Listings Requirements“ the Listings Requirements as amended from time to time by the JSE, whether by way of practice note or otherwise;
- 2.1.29. “Liquidation Date” the date on which application for the final liquidation of the Company is successful;
- 2.1.30. “LRA” the Labour Relations Act 66 of 1995 as amended and any re-enactment or replacement thereof;
- 2.1.31. “Majority of Operations” all or the greater part of the assets or undertaking of the Company;
- 2.1.32. “Market Value” the volume weighted average price of a Share, as quoted on the JSE, on the Business Day prior to the day on which a determination of the Market Value of the Shares is to be made for the purposes of these Rules;
- 2.1.33. “Notice of Acceptance” a written or electronic notice completed by an Employee, in the format provided by the Company, in respect of the Acceptance of an Award;
- 2.1.34. “Participant” an Employee to whom an Award has been made under this SAR and who has Accepted such Award, including the executor or representative of such Employee’s deceased estate where appropriate; 14.1(a)

- 2.1.35. “Performance Condition” condition(s) of Vesting, which may be applied to an Award of SARs, as set out in the Award Letter;
- 2.1.36. “Performance Period” the period aligned with the Financial Year(s) of the Company in respect of which a Performance Condition is to be satisfied, as set out in the Award Letter;
- 2.1.37. “Prohibited Period” means:
- i. a closed period as defined in the JSE Listings Requirements applicable to the Company from time to time; or
  - ii. any other period, as determined by the Directors, when there exists any matter which constitutes unpublished price sensitive information in relation to the Company’s securities;
- 2.1.38. “Purchase Programme” a Purchase Programme wherein the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and which has been submitted to the JSE in writing prior to the commencement of the Prohibited Period, and in terms of which full details have been disclosed in an announcement over SENS prior to the commencement of the Prohibited Period, which purchase

programme is in accordance with the provisions of the JSE Listings Requirements;

2.1.39. "Recharge Policy" if applicable, a policy or agreement in force from time to time between the Company and an Employer Company regulating the funding of the Settlement;

2.1.40. "Retirement" in relation to a Participant, normal retirement age as determined by the Company, or with the approval of the Directors, prior to the normal retirement age;

2.1.41. "Rights Issue" the offer of any securities of the Company to all ordinary shareholders of the Company pro rata to their holdings at the record date;

2.1.42. "Rules" these Rules of the SAR, as amended from time to time;

2.1.43. "SAR" the Remgro Limited Share Appreciation Rights Plan constituted by these Rules;

2.1.44. "SARs" share appreciation rights, being rights 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;

- 2.1.45. "SAR Period" the period from the Award Date to midnight on the day stated in the Award Letter as being the date on which the SARs will lapse;
- 2.1.46. "Settlement" following the Exercise of an Award of SARs, registration in the name of, and delivery to a Participant of the required number of Shares to which a Participant is entitled, in accordance with the Settlement methods stipulated in Rule 9 and the words "Settle" and "Settled" shall bear a corresponding meaning;
- 2.1.47. "Settlement Date" the date on which Settlement shall occur;
- 2.1.48. "Share" an ordinary share in the share capital of the Company;
- 2.1.49. "Subsidiary" a company which is a subsidiary of the Company within the meaning of the Act and a foreign juristic person which would have been a subsidiary company of the Company had it been incorporated in terms of the Act;
- 2.1.50. "Vest" in relation to a SAR Award, the event which causes the SAR to become exercisable and "Vesting" and "Vested" shall be construed accordingly; and

2.1.51. "Vesting Date" the date on which Vesting occurs, as regulated in terms of these Rules.

2.2. The headings in these Rules are inserted for reference purposes only and shall in no way govern or affect the interpretation hereof.

2.3. If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect shall be given to it as if it were a substantive.

2.4. Unless the context indicates otherwise, an expression that denotes any gender includes the others; a natural person includes a created entity (corporate or unincorporated) and the singular includes the plural, and vice versa in each case.

2.5. 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.

### 3. **OPERATION OF THE SAR**

#### 3.1. **Basis of Awards 14.1(f)**

3.1.1. The Committee may from time to time call, upon the Employer Companies to nominate Employees for participation in the SAR.

3.1.2. The Committee will have final authority to decide:

3.1.2.1. which Employees will participate in the SAR in respect of each Award;

3.1.2.2. Subject to Rule 4.1, the aggregate quantum of SARs to comprise Awards to all Employees;

3.1.2.3. Subject to Rule 4.2, the number of SARs that may comprise an Award to an Employee by taking into consideration the Employee's salary, grade, individual performance, retention requirements and market benchmarks (as applicable);

- 3.1.2.4. the Employment Period(s) and Vesting Date(s) in respect of each Award;
  - 3.1.2.5. the Employment Condition;
  - 3.1.2.6. to the extent applicable, the terms of the Performance Condition(s) and Performance Period(s);
  - 3.1.2.7. all other issues relating to the governance and administration of the SAR.
- 3.1.3. A Participant will not be entitled to any rights in and to the SARs prior to the Settlement of such an Award. 14.1(e)

#### 4. **SAR LIMITS**

##### 4.1. **Overall Company Limit 14.1(b)**

4.1.1. Subject to Rule 4.3, the aggregate number of Shares at any one time which may be Settled in respect of this SAR, to all Participants, shall not exceed 26 450 000 (twenty six million four hundred and fifty thousand) Shares, which equates to approximately 5% of the number of issued Shares at the date of adoption of the SAR. In the event of a discrepancy between number of Shares and the percentage it represents, the number will prevail;

4.1.2. of the limit referred to in Rule 4.1.1, shall be calculated to include the following:

4.1.2.1. Shares held by a Subsidiary in treasury account and which have been utilised by the Company in Settlement of this SAR, as contemplated in Rules 9.3.2 and 9.3.3; and

4.1.2.2. The actual number of new Shares issued by the Company in Settlement of this SAR, as contemplated in Rules 9.3.4 and 9.3.5.

4.1.3. The limit referred to in Rule 4.1.1 shall exclude the following:

4.1.3.1. Shares purchased in the market as contemplated in Rule 9.3.1 in Settlement of this SAR; and 14.9(c)

4.1.3.2. Awards under the SAR which do not subsequently Vest in a Participant as a result of the forfeiture thereof, which Awards must revert back to the SAR, such that the number of Awards which are forfeited shall not be included in the limited referred to in this Rule 4.1. 14.3(f)

4.2. **Individual limit 14.1(c)**

Subject to the provisions of Rule 4.3, the maximum number of Shares Settled to any single Participant in terms of this SAR, shall not exceed 5 290 000 (five million two hundred and ninety thousand) Shares, which equates to approximately 1% of the number of issued Shares at the date of adoption of the SAR.

4.3. **Adjustments 14.3 (a), (b), (c), (d) and (e)**

4.3.1. The Committee must, adjust the number of Shares available for the SAR stated in Rule 4.1 (without the prior approval of shareholders in the Company), to take account of a sub-division or consolidation of the Shares of the Company. Such adjustment should give a Participant the entitlement to receive the same proportion of Shares in the Company he was entitled to receive prior to the occurrence of such event. 14.3(a)

4.3.2. The Committee may, adjust the number of Shares which comprise the individual limit stated in Rule 4.2 (without the prior approval of shareholders in the Company) to take account of a Capitalisation Issue, a special dividend, a Rights Issue or a reduction in the capital of the Company. Such adjustment should give a Participant the entitlement to receive the same proportion of Shares in the Company he was entitled to receive prior to the occurrence of the event. 14.3(b)

- 4.3.3. The Auditors, or other independent advisor acceptable to the JSE, will confirm to the JSE in writing that any such adjustment made in terms Schedule 14.3 of the JSE Listings Requirements has been properly calculated on a reasonable and equitable basis, in accordance with the Rules. 14.3(d)
- 4.3.4. 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 circumstances requiring any adjustments to limits stated in Rule 4.1 and 4.2. 14.3(c)
- 4.3.5. Any adjustments made in terms of Schedule 14.3 of the JSE Listings Requirements must be reported on in the Company's financial statements in the year during which the adjustment is made. 14.3(e)

## 5. **MAKING OF AWARDS**

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

5.1.1. Subject to Rule 3, the Committee may, on recommendation of and on behalf of any Employer Company, make an Award to an Employee:

5.1.1.1. after the SAR has been approved by shareholders; and

5.1.1.2. 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 securities by Directors or the Listings Requirements, as the case may be.

### 5.2. **Award Letter**

5.2.1. The Award Letter shall be in writing and shall specify the terms of the Award including:

5.2.1.1. the name of the Employee;



- 5.2.1.2. the Award Date;
- 5.2.1.3. the number of SARs;
- 5.2.1.4. the Award Price;
- 5.2.1.5. the SAR Period;
- 5.2.1.6. the Vesting Date;
- 5.2.1.7. the Employment Condition;
- 5.2.1.8. the Employment Period;
- 5.2.1.9. the Performance Condition(s);
- 5.2.1.10. the Performance Period; and
- 5.2.1.11. any other relevant terms and conditions.

5.3. An Award shall:

- 5.3.1. be personal to the Employee to whom the Award Letter is addressed and may only be acted on by such Employee;
- 5.3.2. indicate that the Employee must accept the Award either in writing or by electronic means within the period specified in the Award Letter (being a period of not more than 60 (sixty) days after the Award Date); and
- 5.3.3. any written acceptance of the Award shall be in the form prescribed by the Committee and be submitted to the Company Secretary, or such other person as the Committee may nominate, at the Company's registered office in South Africa, within the period specified in Rule 5.3.2, failing which the Award will be deemed to have been refused.

5.4. Save for Securities Transfer Tax which the Employer Company may recover from the Participant, the Participant will not be required to give any consideration for the making or Settlement of an Award. 14.1(d) The method of recovering the Securities Transfer Tax amount will be agreed between the Employer Company and the Participant prior to the Settlement Date and, failing such agreement being reached, the Employer Company may withhold such amount required from the Participant's salary or other payments due to him from the Employer Company.

## 6. **SETTING AND REVIEW OF PERFORMANCE CONDITION**

### 6.1. **Setting of the Performance Condition**

6.1.1. The Vesting of an Award in terms of the SAR:

6.1.1.1. will be subject to the satisfaction of the Employment Condition; and

6.1.1.2. may be subject to the satisfaction of the Performance Condition(s); and

6.1.1.3. may be subject to any other conditions set by the Committee and set out in the associated Award Letter.

6.1.2. Any such Performance Condition and any further condition imposed under Rule 6.1.1 shall be:

6.1.2.1. objective; and

6.1.2.2. set out in, or attached in the form of a schedule to, the Award Letter.

6.2. Should an event occur at any point during the Performance Period which causes the Committee to consider that a Performance Condition is no longer appropriate, the Committee may substitute or vary the Performance Condition subject to the JSE Listings Requirements in such manner as:

6.2.1. is reasonable in the circumstances; and

- 6.2.2. produces a fairer measure of performance and is not materially less or materially more difficult to satisfy.

The Award will then take effect subject to the Performance Condition as so substituted or varied and communicated to the Participant.

6.3. **Review of Performance Condition(s)**

- 6.3.1. For an Award which is subject to Performance Condition(s):

6.3.1.1. As soon as reasonably practicable after the end of the Performance Period in relation to that an Award, the Committee shall review whether and extent to which, the Performance Condition(s) have been met.

6.3.1.2. If the Committee is satisfied that the Performance Condition(s) have been fulfilled, the Committee shall calculate the number of SARs that will Vest for each Participant and notify each Participant of this fact accordingly.

6.3.2. In the event that the Performance Condition(s) have to be reviewed prior to the end of the Performance Period, as envisaged by Rules 10 and 11 the Committee will have regard to the following when determining whether, and the extent to which, the Performance Condition(s) have been satisfied:

6.3.2.1. where the event which triggers the early review occurs within 9 months of the end of the Company's preceding Financial Year end, the Performance Condition will be reviewed by reference to the results reported by the Company at its previous Financial Year end; and

6.3.2.2. where the event which triggers the early review occurs more than 3 months after the end of the Company's preceding Financial Year end, the Performance Condition will be reviewed by reference to the results

to be reported by the Company in respect of the forthcoming Financial Year end.

## 7. **VESTING OF SARs**

7.1. Subject to Rules 10 and 11, an Award will Vest on the later of:

7.1.1. the date or dates on which the Participant has satisfied the Employment Condition as specified in the Award Letter; and

7.1.2. the date on which the Performance Condition(s), if applicable, have been satisfied, as determined by the Committee; and

7.1.3. to the extent applicable, any other conditions been imposed have been satisfied.

7.2. The effect of a SAR Vesting is that it can be exercised by a Participant in accordance with Rule 8.

7.3. No amount will be payable by the Participant in respect of the SARs on the Vesting Date.

14.1(d)(i)

## 8. **EXERCISE OF SARs**

8.1. SARs, if Exercised, 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 SARs are Exercised after the Participant's death, by his executor, and must specify the number of SARs that are being Exercised.

8.2. SARs that have not Vested may not be Exercised.

8.3. Subject to Rule 8.4, Vested SARs may be Exercised at any time before the expiry of the SAR Period, provided that the Participant is in the employ of any Employer Company, but still subject to the provisions of Rule 10.

8.4. Notwithstanding anything to the contrary contained in these Rules no SARs may be Exercised during a Prohibited Period unless a Purchase Programme is in place, or during a period adopted by the Company relating to dealings in securities or the JSE Listings Requirements, as the case may be.

8.5. No amount will be payable by the Participant in respect of the SARs on the Exercise Date.

14.1(d)(i)

## 9. **SETTLEMENT OF AWARDS**

9.1. Following the Exercise of SARs, the Company or relevant Employer Company shall within 30 (thirty) days of the Exercise Date procure the Settlement of the number of Shares calculated in accordance with Rule 9.2 to the Participant (without deducting any costs or income tax), in accordance with the Settlement methods described in Rule 9.3.

9.2. The number of Shares to be delivered to the Participant in accordance with Rule 9.1 shall be calculated by reference to the formula:

$$A = \frac{(B - C) \times D}{B}$$

Where:

A = the number of Shares;

B = the Exercise Price;

C = the Award Price; and

D = the number of SARs being exercised.

9.3. Any one of the following Settlement methods may be used, as directed by the Committee:

9.3.1. The Company or relevant Employer Company will, if so instructed by the Committee, incur an expense by making a cash contribution to any third party equal in value to 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)

9.3.2. The relevant Employer Company by which that Participant is employed will use Shares held in treasury account and effect Settlement to that Participant; or

9.3.3. The Company or relevant Employer Company by which that Participant is employed will, if so instructed by the 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 Participants. The purchase contribution which the Company or relevant Employer Company shall make to the Subsidiary shall be either:

9.3.3.1. the Market Value per Share on the Settlement Date; or

9.3.3.2. any other minimum value per Share as prescribed in the Act; or

9.3.3.3. an amount equal to the cost incurred by the Subsidiary in acquiring the Shares held in treasury; or

9.3.4. The Company or relevant Employer Company will, if so instructed by the Committee, incur an expense by paying the purchase contribution 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 such Employer Company's obligation to effect Settlement to Participants by way of subscription for new Shares to be allotted and issued by the Company, for a subscription price per Share of either:

9.3.4.1. the Market Value per Share on the Settlement Date; or

- 9.3.4.2. the other minimum value per Share as prescribed in the Act; or
- 9.3.5. The Company will, if so instructed by the Committee issue Shares to the Participants and where such Participants are employed by another Employer Company, recharge the related costs to the respective Employer Company in terms of the Recharge Policy.
- 9.4. As a fall-back provision only, the Committee may direct that the Award is Settled in cash equal in value to the required number of Share, on the Settlement Date.
- 9.5. Where the Company incurs costs in the Settlement of an Award, whether in the form of the cash contribution or otherwise, the Company may recharge such costs to the relevant Employer Company in terms of the Recharge Policy.
- 9.6. A Participant shall be entitled to all shareholder rights in respect of the Shares received on Settlement as of the Settlement Date and the Shares shall rank *parri passu with* existing shares. 14.1(e)
- 9.7. Shares intended for use in the Settlement of the SAR may not be purchased during a Prohibited Period unless a Purchase Programme is in place. 14.9(e)
- 9.8. In the event that Shares are purchased during a Prohibited Period in accordance with the provisions of a Purchase Programme, an announcement must be made pursuant to paragraphs 3.63 – 3.74 (director dealings) of the JSE Listings Requirements which will include a statement confirming that the purchase was put in place pursuant to a Purchase Programme. 14.9(f)
10. **TERMINATION OF EMPLOYMENT AND DEATH** 14.1(h)
- 10.1. **Bad leavers**
- 10.1.1. If a Participant's employment with any Employer Company terminates before the Vesting Date by reason of:
- 10.1.1.1. his resignation; or

10.1.1.2. dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct or conduct against the interest of the Group or its shareholders (whether such cessation occurs as a result of notice given by him or otherwise or where he resigns to avoid dismissal on ground of misconduct, poor performance or proven dishonest or fraudulent conduct); or

10.1.1.3. his abscondment;

10.1.1.4. any reason other than stated in Rule 10.2 and Rule 10.4 ;

all unexercised SARs, both Vested and unvested, will be forfeited in their entirety and will lapse immediately on the Date of Termination of Employment.

## 10.2. **Good leavers**

10.2.1. If a Participant's employment with any Employer Company terminates before the end of the Vesting Date by reason of:

10.2.1.1. death; or

10.2.1.2. Retirement, except where Retirement is elected as the cause of termination of employment in instances which would have warranted cessation of employment in terms of Rule 10.1; or

10.2.1.3. retrenchment, based on operation requirements as contemplated in the LRA; or

10.2.1.4. ill-health, injury or disability, in each case as certified by a qualified medical practitioner nominated by the relevant Employer Company and determined to the satisfaction of the Committee; or



10.2.1.5. the Participant's Employer Company ceasing to be a member of the Group or the undertaking in which he is employed being transferred to a transferee which is not a member of the Group.

a pro-rata portion of his Award(s) will Vest on the Date of Termination Employment or the date as soon as reasonably possible thereafter when the when the Committee has determined the extent to which the Performance Condition(s), if applicable, have been met.

10.2.2. The portion of the Award that will Vest will be calculated in accordance with Rules 10.2.3 and 10.2.4. The portion of the Award which does not Vest shall lapse.

10.2.3. For SARs which are not subject to Performance Condition(s), the portion of the Award which shall Vest will, unless the Committee in its absolute discretion determines otherwise, reflect 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.

10.2.4. For SARs which are subject to Performance Condition(s), the portion of the Award which shall Vest will, unless the Committee in its absolute discretion determines otherwise, be determined based on the extent to which the Performance Condition(s) have, in the opinion of the Committee been met in accordance with Rule 6.3.2, pro-rated for the number of complete months served since the Award Date to the Date of Termination of Employment, relative to the total number of months in the Employment Period.

10.2.5. 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 indicated by Rules 10.2.2 and / or 10.2.4 should be carried out in respect of each Employment Period. Subject to the SAR Period, SARs that are determined to

Vest, can be exercised within a period of 12 months following the Vesting Date.

To the extent that a SAR is not exercised during this period, it will lapse.

- 10.2.6. The portion of the Award that does not Vest in accordance with Rule 10.2.2 and / or 10.2.4 will lapse on the Date of Termination of Employment.

10.3. **Employment by another Employer Company**

For the purposes of this Rule 10, 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.

10.4. **Exceptional circumstances**

Subject to the Committee determining otherwise in its absolute discretion and insofar as is possible, if the Participant ceases to be in the employment of any Employer Company before the Vesting Date for any other reason, a portion of his Award shall Vest on the Date of Termination of Employment or as soon as reasonably practicable thereafter. The portion of the Award which shall Vest will be calculated in accordance with Rules 10.2.3 and 10.2.4.

11. **CHANGE OF CONTROL** 14.1(g)

- 11.1. Subject to Rule 11.5 and subject also to the Committee determining otherwise in its absolute discretion, in the event of a Change of Control of the Company occurring before the Vesting Date which directly results in:

11.1.1. the Shares ceasing to be listed on the JSE; or

11.1.2. the Majority of Operations of the Company being merged with those of another company or companies; or

11.1.3. the SAR being terminated;

a portion of the Award held by the Participant will Vest as soon as reasonably practicable thereafter.

11.2. The portion of the Award which shall Vest as a result of Rule above 11.1 will be determined based on the number of months served since the Award Date to the Change of Control Date over the total number of months in the Employment Period and the extent to which the Performance Condition(s), if applicable, have been met on such a date.

11.3. 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 11.2 shall be carried out in respect of each Employment Period.

11.4. The portion of the Award that does not Vest on the Change of Control Date will (except on the termination of the SAR as envisaged in Rule 11.1.3 in which case it will lapse) continue to be subject to the terms of the Award Letter relating thereto, unless the Committee determines that the terms of the Award Letter relating thereto are no longer appropriate. In this case the Committee shall make such adjustment to the number of Awards or convert Awards into awards in respect of shares in one or more other companies, provided the Participants are no worse off. Where applicable, the Committee may also vary the Performance Condition(s) in accordance with Rule 6.2. **14.3(a)**.

11.5. Subject to Rule 12, if any other event happens which may affect the Awards, including the Shares ceasing to be listed on the JSE (unless pursuant to a Change of Control as referred to in Rule 11.1.1) or if there is an internal reconstruction or other event which does not involve:

11.5.1. any Change of Control; or

11.5.2. any change in the ultimate Control of the Company; or

11.5.3. a Change of Control which does not result directly in an event specified in Rule 11.1

the Award held by a Participant shall not Vest as a consequence of that event and shall continue to be governed by the Rules of the SAR. However, the Committee may take such action as it considers appropriate to protect the interests of Participants following the occurrence of such event, including converting Awards into awards in respect of shares in one or more other companies, provided the Participant is no worse off. Where applicable, the Committee may also vary the Performance Condition(s) in accordance with Rule the Award held by a Participant shall not Vest as a consequence of that event and shall continue to be governed by the Rules of the CSP. However, the Committee may take such action as it considers appropriate to protect the interests of Participants following the occurrence of such event, including converting Awards into awards in respect of shares in one or more other companies, provided the Participant is no worse off. Where applicable, the Committee may also vary the Performance Condition(s) relating to Performance Shares in accordance with Rule 6.2.

12. **VARIATION IN SHARE CAPITAL** 14.3 (a) (b) (c)

12.1. **Capitalisation Issue, Rights Issue, subdivision or consolidation of Shares, liquidation, etc.**

12.1.1. In the event of:

12.1.1.1. a Capitalisation Issue; and

12.1.1.2. a Rights Issue; and

12.1.1.3. a subdivision of Shares; and

12.1.1.4. a consolidation of Shares; and

12.1.1.5. the Company entering into a scheme of arrangement as contemplated in section 114 of the Act; or

- 12.1.1.6. the Company making distributions, including a reduction of capital and distribution in specie, other than a dividend paid in the ordinary course of business out of the current year's retained earnings;
- subject to Rule 11, any other matter, fact, event or circumstances relating to the Shares or the Company's share capital or which affects or has the potential to affect the Awards, and which matter, fact, event or circumstance is designated from time to time as a "Variation in Share Capital" for purposes of this Rule 12 by the Directors.
- 12.1.2. Participants will continue to participate in the SAR. The Committee may make such adjustment to the number of unvested SARs comprised in the relevant Award or take such other action to place Participants in no worse a position than they were prior to the occurrence of the relevant event. Such adjustment should give the Participant an entitlement to an equivalent proportion of the equity capital of the Company as that to which he was entitled prior to the occurrence of the relevant event.
- 12.2. The issue of Shares as consideration for an acquisition, and the issue of Shares for cash and the issue of Shares for a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to Awards. **14.3(c)**
- 12.3. The Company shall notify the Participants of any adjustments which are made under Rule 12.1.2 and will further comply with Rule 4.3. 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, will confirm to the Company in writing that these are calculated on a reasonable and non-prejudicial basis. **14.3(d)**
- 12.4. 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)**

- 12.5. If the Company is placed into liquidation for purposes other than reorganisation, Awards shall lapse with effect from the Liquidation Date. 14.1(e)

### 13. **FORFEITURE AND LAPSE OF AWARDS**

- 13.1. Notwithstanding any other provision of the Rules, an Award shall lapse on the earliest of:

13.1.1. The Committee determining that the Performance Condition(s), or any further condition imposed under Rule 5.2, has not been satisfied either in whole or in part in respect of the Award and can no longer be satisfied;

13.1.2. Subject to Rule 10 and 11, the Date of Termination of Employment;

13.1.3. Upon the expiry of the SAR Period as specified in the Award Letter, to the extent that they are not exercised;

13.1.4. The Liquidation Date, in accordance with Rule 12.5; and

13.1.5. Any other date provided for under these Rules.

13.2. Notwithstanding the provisions of Rule 13.1, if an extended SAR Period is required due to the fact that the SAR Period expires during a Prohibited Period, the SAR Period shall be extended for a period of 90 (ninety) days from the end of the Prohibited Period.

### 14. **FURTHER CONDITIONS**

14.1. In circumstances where the tax and / or regulatory requirements of a particular jurisdiction where a Participant works makes the delivery of Shares impossible or impractical, the Committee can direct that the Participant be paid a cash amount in lieu of Shares on the Exercise Date.

14.2. An Employer Company may withhold any amount required:

14.2.1. to meet any costs in respect of the Vesting or Exercise of a SAR, for which the Participant is liable; or

- 14.2.2. for employees' tax,
- from the Participant's remuneration or any other amount due by the Employer Company to the Participant.
- 14.3. The Employer Company will delay the Exercise, Settlement or Vesting of the Award, whichever is appropriate, to the Participant if the acquisition or disposal of the Shares would otherwise:
- 14.3.1. occur during a Prohibited Period unless a Purchase Programme is in place; or
- 14.3.2. be in contravention of any code adopted by the Company relating to dealings in securities by Directors; or
- 14.3.3. be prohibited by insider trading legislation or any other legislation or regulations,
- until the first business day following the expiry of such event.
- 14.4. The rights of Participants under this SAR are determined exclusively by these Rules read with the JSE Listings Requirements.
- 14.5. 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:
- 14.5.1. he ceased to be a Participant in the SAR; or
- 14.5.2. any of his rights or expectations under this SAR were reduced or lost.
- 14.6. 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)
- 14.7. Where a Participant is transferred from one Employer Company to another Employer Company:

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

14.7.2. the second Employer Company shall 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.

14.8. Shares will only be issued or purchased once a Participant has been formally identified.

14.9(a)

14.9. The issue of shares to Employees who do not fall under the Rules of this SAR will be treated as a specific issue for cash as contemplated in paragraph 5.51 of the JSE Listings Requirements.14.11

14.10. Shares held by the SAR will not have their votes at general or annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements. Such Shares will also not be taken into account for purposes of determining categorizations as detailed in Section 9 of the JSE Listings Requirements.

14.10

## 15. **DISCLOSURE IN ANNUAL FINANCIAL STATEMENTS** 14.8

15.1. The Company shall disclose in its annual financial statements the number of Shares that may be utilised for purposes of the SAR at the beginning of the accounting period and changes in such number during the accounting period and the balance of securities available for utilisation for purposes of the SAR at the end of the accounting period.

## 16. **AMENDMENTS AND TERMINATION** 14.2

16.1. Subject to the provision of this Rule 16, the 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, and subject to the JSE Listings Requirements.

- 16.2. Except as provided in Rule 16.3 the provisions relating to: 14.2
  - 16.2.1. eligibility to participate in the SAR; 14.1(a)
  - 16.2.2. the number of Shares which may be utilised for the purpose of the SAR as envisaged in Rule 4.1; 14.1(b)
  - 16.2.3. the limitations on benefits or maximum entitlements envisaged in Rule 4.2; 14.1(c)
  - 16.2.4. the basis upon which Awards are made as stipulated in Rule 3.1; 14.1(f)
  - 16.2.5. the amount payable upon the Award, Vesting, exercise (in the case of SARs) and Settlement;
  - 16.2.6. the voting, dividend, transfer and other rights attached to the Awards, including those arising on a liquidation of the Company; 14.1(e)
  - 16.2.7. the adjustment of Awards and price in the event of a variation of capital of the Company or a Change of Control of the Company; 14.1(g)
  - 16.2.8. the procedure to be adopted in respect of the Vesting of Awards in the event of termination of employment as envisaged in Rule 10; and 14.1(h)
  - 16.2.9. the terms of this Rule 16.2.

may not be amended without the prior approval of the JSE and by ordinary resolution of 75% 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 Vesting of the Awards under this SAR who are existing Participants in the SAR and who may be impacted by the changes.

- 16.3. Subject to Rule 16.2 the Committee may make minor amendments for ease of the administration of the SAR, 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, including the adoption of a Country Schedule for the benefit of Employees of the Group working outside South Africa.
- 16.4. The Committee may terminate the SAR at any time, but Awards made before such termination will continue to be valid and as described in the provisions of the SAR.

17. **DOMICILIUM AND NOTICES**

- 17.1. The parties choose *domicilium citandi et executandi* for all purposes arising from this SAR, including, without limitation, the giving of any notice, the payment of any sum, the delivery of shares, the serving of any process, as follows:
- 17.1.1. the Company, the Company Secretary and the Committee: The address of the registered office of the Company from time to time;
- 17.1.2. any Employer Company - The address of the registered office of the Employer Company from time to time;
- 17.1.3. each Participant - The physical address, and electronic address from time to time reflected as being his address, and / or electronic address in the Employer Company's payroll system from time to time.
- 17.2. Any of the above persons shall be entitled from time to time, by written notice to the other, to vary its domicilium to any other physical address within the Republic of South Africa and / or (in the case of a Participant) his electronic address; provided in the case of a Participant such variation is also made to his details on the Employer Company's payroll system.
- 17.3. Any notice given and any delivery or payment made by any of the above persons to any other which:

- 17.3.1. is delivered by hand during the normal business hours of the addressee at the addressee's domicile for the time being, shall be rebuttably presumed to have been received by the addressee at the time of delivery;
- 17.3.2. is delivered by courier during the normal business hours of the addressee at the addressee's domicile for the time being, shall be rebuttably presumed to have been received by the addressee on the 3rd (third day) after the date of the instruction to the courier to deliver to the addressee;
- 17.3.3. is sent by mail from an address within the Republic of South Africa to the addressee at the addressee's domicile for the time being, shall be rebuttably presumed to have been received by the addressee on the seventh day after the date of sending.
- 17.3.4. In the case of the addressee being a Participant, is transmitted by electronic mail to the addressee at the addressee's electronic address for the time being shall be rebuttably presumed to have been received by the addressee on the date of successful transmission thereof.
- 17.4. Any notice given that is transmitted by electronic mail to the addressee at the addressee's electronic mail address for the time being shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the date of successful transmission thereof.
- 17.5. Any notice or other document given to any Participant pursuant to the SAR may be delivered to him or sent by post to him at his home address according to the records of the Employer Company or such other address as may appear to the Board to be appropriate. Notices or other documents sent by post will be deemed to have been given 7 days following the date of posting if sent by post.
- 17.6. Any notice or document given to the Employer Company pursuant to the SAR may be delivered to it or sent by post to its registered office marked for the attention of the

company secretary of the Employer Company, or such other address as may be specified by the Employer Company and the documents will not be deemed to have been received before actual receipt by the company secretary of the Employer Company.

17.7. Notwithstanding anything to the contrary herein contained, a written notice or document which is actually received by a person shall be adequate for purposes of this SAR, notwithstanding that such notice or document was not received at that party's *domicilium citandi et executandi*.

## 18. **DISPUTES**

18.1. Any dispute arising under the SAR shall be decided by way of arbitration in the manner as set out in Rule 18.2 below.

18.2. The arbitration shall be held subject to the provisions of this SAR:

18.2.1. at Stellenbosch;

18.2.2. informally;

18.2.3. otherwise in accordance with the provisions of the Arbitration Act, No. 42 of 1965, as amended,

it being the intention that, if possible it shall be held and concluded within 21 (twenty-one) Business Days, after it has been demanded.

18.3. The arbitrator shall be, if the question in issue is:

18.3.1. primarily an accounting matter, an independent accountant with not less than 15 (fifteen) years' experience agreed upon between the parties. In the event that the parties cannot agree within 7 (seven) Business Days, a chartered accountant to be nominated by the Executive President for the time being of the South African Institute of Chartered Accountants;

- 18.3.2. primarily a legal matter, a practising senior counsel or attorney with no less than 15 (fifteen) years standing agreed upon between the parties. In the event that the parties cannot agree within 7 (seven) Business Days, a practising attorney nominated by the President for time being of the Law Society of the Cape of Good Hope;
- 18.3.3. any other matter, an independent person agreed upon between the parties.
- 18.4. An aggrieved party may appeal against the arbitration award within 10 (ten) Business Days after receipt of the arbitration award by lodging a notice of appeal with the other party.
- 18.5. Where an appeal is made, 2 (two) practising senior counsel of at least 15 (fifteen) years standing shall be appointed as chairpersons of the appeal. If the parties are unable to agree on the chairpersons for the appeal the provisions of Rule 18.3 shall *mutatis mutandis* apply with the changes required by the context. The chairpersons shall meet the parties within 7 (seven) Business Days after their appointment to determine the procedure for the appeal.

## 19. **GOVERNING LAW**

South African law governs the SAR. All Employer Companies and Participants submit to the jurisdiction of the South African courts as regards any matter arising under the SAR.

This SAR was duly adopted at an annual general meeting of shareholders of Remgro Limited to be held at **The Conference Centre, Erinvale Estate Hotel & Spa, Lourensford Road, Somerset West on 29 November 2018**, and is available for inspection for at least 14 (fourteen) days prior to the general meeting at the Company's registered office. **14.7**

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**Chairman of the General Meeting**