

RULES OF THE PHANTOM SHARE PLAN

QUANTUM FOODS HOLDINGS LIMITED
(Registration Number 2013/298598/06)

EQUITY SETTLED PHANTOM SHARE PLAN

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1 INTRODUCTION

The Quantum Foods Holdings Limited Equity Settled Phantom Share Plan is intended as an incentive to selected Employees to promote the continued growth of the Company and/or its Subsidiaries. Subject to the terms and conditions hereof, selected Employees will be granted the opportunity of acquiring Shares in the Company in future, with the quantum of their awards based on the future increase in the value of the Shares.

2 INTERPRETATION

2.1 In these Rules, unless inconsistent with the context, the following words and expressions shall have the following meanings:

2.1.1 "**Accept**", "**Accepted**" or "**Acceptance**": the completion of a Notice of Acceptance by a Participant in terms of Rules 6.2.2 and 6.2.3, and the delivery thereof to the Directors as indicated in Rule 15;

2.1.2 "**Act**": the Companies Act, No 71 of 2008, as amended, and shall include the provisions of the Companies Act, No 61 of 1973, as amended, that have not been repealed;

2.1.3 "**Adjusted HEPS**": HEPS adjusted for material once-off occurrences in the absolute and sole discretion of the Directors;

2.1.4 "**Baseline HEPS**": the Adjusted HEPS for the Financial Year preceding each Date of Grant, save where the Adjusted HEPS for a Financial Year will create an anomaly in the calculation of the Relevant Factor, resulting in the Relevant Factor amounting to 100% in circumstances where the Company's performance during the Financial Year does not justify same (for example when a no profit or a break even scenario was achieved in the previous financial year), in which circumstances the Directors may, in their absolute and sole discretion, increase the Adjusted HEPS to ensure that the calculation of the Relevant Factor is fair and reasonable to both shareholders and Participants (for the avoidance of doubt, the Adjusted HEPS can never be decreased by the Directors);

2.1.5 "**Business Day**": any day on which the JSE is open for the transaction of business;

2.1.6 "**Capitalisation Issue**": the issue of Shares on capitalisation of the Company's profits and/or reserves, including the Company's share premium account;

- 2.1.7 "**Closed Period**": a closed period, as defined in terms of the JSE Listings Requirements, and regulated in terms of the Financial Markets Act, applicable to the Company from time to time;
- 2.1.8 "**Company**": Quantum Foods Holdings Limited (registration number: 2013/298598/06), a public company duly incorporated in accordance with the laws of the Republic of South Africa;
- 2.1.9 "**Compound CPI**": the compound annual CPI in respect of the period commencing on the first day of the Financial Year in which any Date of Grant falls and ending on the last day of the Financial Year preceding the corresponding Vesting Date;
- 2.1.10 "**Control**": 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% of the voting rights at shareholders' meetings of the Company, irrespective of whether such holding or holdings confer *de facto* control, or the holding or control by a shareholder or member alone or pursuant to an agreement with other shareholders or members of more than 50% of the voting rights in the Company, or the ability to appoint the majority of the directors of the Company;
- 2.1.11 "**CPI**": the Consumer Price Index (All Items: Metropolitan Areas) as published by Statistics South Africa from time to time or, if at any time that index is no longer published, any replacement index selected by the Directors;
- 2.1.12 "**Date of Grant**": the date on which PSRs are Granted to an Employee as specified in the Letter of Grant, irrespective of the date on which the PSRs Granted to an Employee are actually Accepted and/or Exercised;
- 2.1.13 "**Directors**": means the non-executive directors for the time being of the Company, or any committee thereof to or upon whom the powers of the non-executive directors in respect of this Plan are delegated or conferred in terms of the Company's memorandum of incorporation;
- 2.1.14 "**Distribution**": in relation to any Employer Company:
- 2.1.14.1 the payment of any dividend or the making of any other distribution by that company to its shareholders, or the redemption of any shares by that company;
or

- 2.1.14.2 the making of any payment as envisaged in section 46 of the Act or the equivalent provisions under the company laws of its jurisdiction of incorporation by that company to its shareholders, whether such payment is made in cash or *in specie*;
- 2.1.15 "**Employee**": a person eligible for participation in the Plan, namely, an officer or other employee employed on a full-time basis by a member of the Group, including executive directors but excluding non-executive directors;
- 2.1.16 "**Employer Company**": a company in the Group that employs an Employee, including a company in the Group that employs an Employee that has been transferred to such company subsequent to the Date of Grant;
- 2.1.17 "**Exercise**" or "**Exercised**": the completion of an Exercise Notice by a Participant in terms of Rule 7.2, and the delivery thereof to the Directors as indicated in Rule 15;
- 2.1.18 "**Exercise Date**": the date of receipt, as contemplated in Rule 15, by the Directors of a duly completed Exercise Notice;
- 2.1.19 "**Exercise Notice**": a duly completed written or electronic notice, in the format provided by the Company, given by a Participant to the Directors in respect of the Exercise of a PSR granted to such Participant;
- 2.1.20 "**Exercise Period**": in respect of each PSR, the period from the Vesting Date of that PSR to midnight on the date that falls 12 (twelve) months from the relevant Vesting Date, or such other period as may be determined by the Directors in their discretion and approved by the JSE and shareholders of the Company, to the extent required;
- 2.1.21 "**Exercise Price**": an amount equal to the volume weighted average price per Share determined over a period of 3 (three) trading days on the JSE immediately preceding the date on the Exercise Notice, plus the Exercise Price Adjustment;
- 2.1.22 "**Exercise Price Adjustment**": the aggregate of any Special Dividends declared during the period between the Date of Grant and the Vesting Date;
- 2.1.23 "**Financial Year**": the financial year of the Company, which currently runs from 1 October to 30 September each year;

- 2.1.24 "**Grant**" or "**Granted**": the delivery by the Directors of a Letter of Grant to an Employee;
- 2.1.25 "**the Grant**": the offer to participate in the Plan as indicated in a Letter of Grant that has been delivered to an Employee;
- 2.1.26 "**Grant Price**": the Market Value of a Share on the Business Day immediately preceding the Date of Grant;
- 2.1.27 "**Group**": the Company and its Subsidiaries, any associated companies, or joint ventures with other entities;
- 2.1.28 "**Growth Rate**": in respect of each Financial Year, the compounded annual growth rate in the Adjusted HEPS for that Financial Year from the Baseline HEPS, as determined by the Directors in accordance with the applicable annual financial statements of the Company;
- 2.1.29 "**HEPS**": the headline earnings per share of the Company as determined in accordance with the applicable SAICA circular;
- 2.1.30 "**JSE**": the JSE Limited (registration number: 2005/022939/06), a public company duly incorporated in accordance with the laws of the Republic of South Africa and licensed as an exchange under the Financial Markets Act;
- 2.1.31 "**JSE Listings Requirements**": the Listings Requirements of the JSE, as amended from time to time;
- 2.1.32 "**Letter of Grant**": a document in terms of which the Grant is communicated to an Employee, and containing the information in Rule 6.2.1;
- 2.1.33 "**Market Value**": an amount equal to the volume weighted average price per Share determined over a period of 20 (twenty) trading days on the JSE 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, as certified by the secretary of the Company for the time being;
- 2.1.34 "**Normal Dividend**": an ordinary dividend declared in a Financial Year, not specifically classified as a Special Dividend, as determined by the board of directors of the Company;

- 2.1.35 "**Notice of Acceptance**": a completed written or electronic notice, in the format provided by the Company, given by a Participant to the Directors in respect of the Acceptance of a PSR Granted to such Participant;
- 2.1.36 "**Participant**": an Employee to whom a Grant has been made in terms of this Plan, and who has Accepted such Grant, including the executor of such Employee's deceased estate, or such Employee's heirs and legatees where appropriate, and "**Participation**" shall be construed accordingly;
- 2.1.37 "**Performance-based PSRs**": the PSRs Granted to a Participant under this Plan which Vest in accordance with the provisions of Rule 7.1.1.2, being 50% (fifty percent) of total number of PSRs Granted to a Participant;
- 2.1.38 "**Plan**": the Quantum Foods Holdings Limited Equity Settled Phantom Share Plan constituted by these Rules, as amended from time to time;
- 2.1.39 "**Phantom Share Right**" or "**PSR**": the right to the excess of the Exercise Price over the Grant Price that vests on the Exercise thereof in a Participant in terms of this Plan, provided that the Participant will not become entitled to receive the excess in cash, but will be entitled to receive Shares or a portion of a Share calculated by dividing the excess with the Phantom Share Right Price;
- 2.1.40 "**Phantom Share Right Price**": an amount equal to the volume weighted average price per Share determined over a period of 3 (three) trading days on the JSE immediately preceding the date on the Exercise Notice;
- 2.1.41 "**Reconstruction or Takeover**": any takeover, merger or reconstruction however effected, including a reverse takeover, reorganisation or scheme of arrangement sanctioned by the court, but does not include any event which does not involve any change in Control of the Company;
- 2.1.42 "**Relevant Factor**": means, in respect of each Financial Year, a percentage determined in accordance with the following formula:
- 2.1.42.1 (Growth Rate less Compound CPI plus 1% (one percent));
- divided by
- 2.1.42.2 (Compound CPI plus 5% (five percent) less Compound CPI plus 1% (one percent)),

subject to a maximum of 100% (one hundred percent);

- 2.1.43 "**Rights Issue**": the offer of any shares of the Company, as defined in the Act, to all ordinary shareholders of the Company *pro rata* to their existing holdings in the Company;
- 2.1.44 "**Rules**": these rules as amended from time to time;
- 2.1.45 "**Settlement**": delivery of the required number of Shares to which a Participant will become entitled as a result of the Exercise of his PSRs in terms of Rule 8, and "**Settle**" and "**Settled**" shall be construed accordingly;
- 2.1.46 "**Settlement Date**": the date on which Settlement occurs, provided that the relevant Employer Company shall be obliged to Settle within 30 (thirty) days from the relevant Exercise Date;
- 2.1.47 "**Special Dividend**": any dividend declared exceeding the Normal Dividend, calculated on a per Share basis and specifically classified as a Special Dividend;
- 2.1.48 "**Share**": ordinary no par value shares;
- 2.1.49 "**Subsidiary**": a subsidiary as defined in the Act and "**Subsidiaries**" shall be construed accordingly;
- 2.1.50 "**Time-based PSRs**": the PSRs Granted to a Participant under this Plan which Vest in accordance with the provisions of Rule 7.1.1.1, being 50% (fifty percent) of total number of PSRs Granted to a Participant; and
- 2.1.51 "**Vesting Date**": the date on which PSRs become exercisable in terms of Rule 7, and as stipulated in the Letter of Grant, and "**Vest**" and "**Vested**" shall be construed accordingly.
- 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, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision.

- 2.4 Unless the context indicates otherwise, an expression that denotes any gender includes the other, 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 are to those provisions as modified or re-enacted, and include any regulations made under them.

3 THE PLAN

The Quantum Foods Holdings Limited Equity Settled Phantom Share Plan is hereby constituted, and shall be administered for the purpose and in the manner set out herein.

4 OPERATION OF THE PLAN

- 4.1 The Directors are responsible for the governance of this Plan. Subject to the terms and conditions of this Plan, the Directors will, therefore, have the final authority to decide, by means of a resolution, which Employees will participate in this Plan, the quantum of the Grants to be made to these Employees and all other issues relating to the governance of this Plan.
- 4.2 The Directors shall, in the implementation of this Plan, comply with the JSE Listings Requirements. In the event of any conflict between the rules of this Plan and the JSE Listings Requirements, the provisions of the latter shall prevail.
- 4.3 The Directors may, from time to time, in their discretion:
- 4.3.1 call upon the Employer Companies to make recommendations as to which of their respective Employees they intend to incentivise by the making of Grants;
 - 4.3.2 consider the recommendations of the Employer Companies;
 - 4.3.3 notify the Employer Companies of which of their Employees have been approved for purposes of participation in this Plan; and
 - 4.3.4 determine the number of PSRs that will be granted to each Participant.
- 4.4 The factors which the Directors may consider when determining the number of PSRs which will be granted to each Participant may include, *inter alia*, the seniority, performance, position and total remuneration of the relevant Participant.

4.5 The Directors will make Grants to the Employees concerned, subject to the terms and conditions of this Plan.

4.6 In terms of this Plan, the Employer Companies will, however, remain responsible for the Settlement of the benefits due to the Participants employed by them, or Participants deemed to be Employees of them in terms of Rule 9.5, on the Exercise Dates.

5 **PLAN LIMITS**

5.1 **Overall Company Limit:**

The maximum number of Shares that may be transferred to Employees under this Plan shall not exceed, in aggregate, 14 500 000 (fourteen million five hundred thousand) Shares.

5.2 **Individual limit:**

The maximum number of Shares that may be transferred to any one Participant in respect of this Plan shall not, in aggregate, exceed 4 500 000 (four million five hundred thousand) Shares.

6 **GRANT OF PSRS**

6.1 Time when PSRs may be Granted:

The Directors may, after the adoption of this Plan, make a Grant to an Employee on or after any of the following dates:

6.1.1 the day after the publication of the Company's annual results for any period. However, the Directors may allow an Employee to join this Plan part way through a Financial Year of the Company by making a Grant as soon as is practically possible after the interim results for that period are published; and

6.1.2 any day on which there are no restrictions on the making of Grants, being restrictions imposed by a Closed Period, statute, order, regulation or directive, or by any code adopted by the Company based on the provisions contained in the King IV Code of Corporate Practices and Conduct relating to dealings in securities by directors, or the JSE Listings Requirements, as the case may be.

6.2 Grant of PSRs:

6.2.1 The Directors may in their sole and absolute discretion deliver a Letter of Grant to the Employee, which shall specify at least the following:

6.2.1.1 the name of the Employee;

6.2.1.2 the number of PSRs Granted;

6.2.1.3 the Grant Price;

6.2.1.4 the Date of Grant;

6.2.1.5 the Exercise Period;

6.2.1.6 the Vesting Date; and

6.2.1.7 any other relevant terms and conditions.

6.2.2 A Grant shall:

6.2.2.1 be personal to the Employee to whom it is addressed, and may only be acted on by such Employee;

6.2.2.2 indicate that the Employee must Accept the Grant in writing within the period specified in the Grant (being a period of not more than 30 (thirty) days after the Date of Grant, unless it falls within a Closed Period, in which case the period can be extended to after the Closed Period); and

6.2.2.3 state that it is made on the terms and subject to the conditions of the Rules of the Plan.

6.2.3 Any Acceptance of the Grant must be in the form prescribed by the Directors, and must be submitted to the Directors at the Company's registered office in South Africa, within the period specified in Rule 6.2.2.2, failing which the Grant will be deemed to have been refused.

7 VESTING, EXERCISE AND ACCRUAL OF PSRS

7.1 Vesting of PSRs

7.1.1 Notwithstanding anything to the contrary contained in these Rules:

7.1.1.1 Time-based PSRs will only Vest and become exercisable as follows:

7.1.1.1.1 no Time-based PSRs will Vest and become exercisable prior to the third anniversary of the Date of Grant;

7.1.1.1.2 33,33% (thirty three and a third percent) on the third anniversary of the Date of Grant ("**Third Anniversary**");

7.1.1.1.3 a further 33,33% (thirty three and a third percent) on the fourth anniversary of the Date of Grant ("**Fourth Anniversary**"); and

7.1.1.1.4 the final 33,33% (thirty three and a third percent) on the fifth anniversary of the Date of Grant ("**Fifth Anniversary**");

7.1.1.2 Performance-based PSRs will only Vest and become Exercisable as follows:

7.1.1.2.1 no Performance-based PSRs will Vest and become exercisable prior to the Third Anniversary;

7.1.1.2.2 on the Third Anniversary, 33,33% (thirty three and a third percent) multiplied by the Relevant Factor in respect of the previous Financial Year;

7.1.1.2.3 on the Fourth Anniversary, 33,33% (thirty three and a third percent) multiplied by the Relevant Factor in respect of the previous Financial Year;

7.1.1.2.4 on the Fifth Anniversary, 33,33% (thirty three and a third percent) multiplied by the Relevant Factor in respect of the previous Financial Year,

unless the Directors in their absolute discretion, from time to time, vary the Vesting Dates in respect of any of the PSRs Granted, provided that any such variation shall be in accordance with the JSE Listings Requirements.

7.2 Manner of Exercise:

- 7.2.1 PSRs that have not Vested may not be Exercised.
- 7.2.2 All PSRs that have Vested:
- 7.2.2.1 may only be Exercised to the extent that it has not lapsed as contemplated in Rule 9; and
- 7.2.2.2 may be Exercised at any time after it has vested in terms of Rule 7.1.1; and
- 7.2.2.3 must be Exercised before the end of the Exercise Period.
- 7.2.3 The Exercise Notice must specify the number of PSRs being Exercised.
- 7.2.4 Exercise will only be permitted in respect of 100 (one hundred) PSRs or multiples thereof, provided that the exercising of less than 100 (one hundred) PSRs will be permissible in respect of the final tranche of PSRs that can be Exercised, to the extent that this does not constitute 100 (one hundred) or a multiple thereof.

8 SETTLEMENT

- 8.1 Settlement of a PSR is subject to the condition that the Participant who holds that PSR Exercises that PSR. Before a Participant Exercises the Vested PSR, the relevant Employer Company will not be obliged to Settle.
- 8.2 Following the Exercise of PSRs by a Participant, the relevant Employer Company will be obliged, by the Settlement Date, to deliver, or procure the delivery of a number of Shares to the Participant calculated in accordance with the following formula:
- $$(A \div B) \times C$$
- Where:
- 'A' represents the excess of the Exercise Price over the Grant Price that vests on the Exercise Date in a Participant in terms of this Plan;
- 'B' represents Phantom Share Right Price;
- 'C' represents the number of PSRs Exercised by the Participant.
- 8.3 The Employer Company will Settle the obligation in Rule 8.2 by:

- 8.3.1 subscribing for new Shares to be allotted and issued by the Company directly to the Participants; or
- 8.3.2 by purchasing those Shares in the open market and transferring such Shares to the Participants.
- 8.4 Shares transferred or issued to Participants will rank *pari passu* in all respects with the existing issued ordinary shares in the Company.

9 LAPSE OF PSRS

- 9.1 PSRs will lapse to the extent not Exercised on the expiry of the relevant Exercise Period. If, however, an Exercise Period expires during a Closed Period, it will be extended for a period of 90 (ninety) days from the end of the Closed Period.
- 9.2 Any Performance-based PSRs, or any portion thereof, that do not Vest on the applicable date in accordance with the provisions of Rule 7.1.1.2.2, 7.1.1.2.3 and/or 7.1.1.2.4, shall lapse.
- 9.3 If, while any portion of a Participant's PSRs has Vested but remains unexercised, such Participant ceases to be an Employee of any Employer Company by reason of his resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (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), the Participant shall be entitled, within 30 (thirty) days of ceasing to be an Employee of the relevant Employer Company ("**Thirty Day Period**"), to Exercise any Vested PSRs in accordance with the provisions of the Plan, provided that after the Thirty Day Period, all unexercised (Vested and unvested) PSRs will lapse.
- 9.4 In the event that a PSR lapses, the Participant that held that PSR will not have any further rights that comprised that PSR against any member of the Group.
- 9.5 If, while any portion of a Participant's PSRs remains unvested or unexercised, such Participant ceases to be an Employee by reason of his retrenchment, death, any corporate action undertaken by the Company or a reason other than listed in Rule 9.3, the Participant, the executor of his deceased estate or his heirs and legatees, as the case may be, will be entitled to the same rights, and be subject to

the same conditions, under this Plan as if the Participant had continued to be an Employee.

9.6 For the avoidance of doubt, in the context of this Plan, retirement will be treated as follows:

9.6.1 Retirement age of 60 (sixty) and over

9.6.1.1 Should a Participant retire at the age of 60 (sixty) or over, all of such Participant's Vested and unvested PSRs that remain unexercised will be retained by the Participant and the Participant will be entitled to the same rights, and be subject to the same conditions, under this Plan as if the Participant had continued to be an Employee,

9.6.2 Retirement age under 60 (sixty)

9.6.2.1 Should a Participant retire before the age of 60 (sixty) ("**Early Retirement**"):

9.6.2.1.1 all of the Participant's unvested PSRs will lapse, except to the extent that the Directors may determine otherwise in their absolute discretion;

9.6.2.1.2 such Participant shall be entitled, within 30 (thirty) days of ceasing to be an Employee of the relevant Employer Company ("**Thirty Day Period**") as a result of Early Retirement, to Exercise its unexercised Vested PSRs in accordance with the provisions of the Plan, provided that after the Thirty Day Period, all unexercised Vested PSRs will lapse, except to the extent that the Directors may determine otherwise in their absolute discretion.

9.7 For the purposes of this Rule 9, a Participant will not be treated as ceasing to be an Employee of an Employer Company if, on the same date (or such longer period as the Directors may determine in their absolute discretion) on which he ceases to be an Employee of an Employer Company, he is employed by another Employer Company.

9.8 To the extent that PSRs are Granted and subsequently lapses, such PSRs will revert back to the Plan and will not alter the Plan limits as set out in Rule 5.

10 RECONSTRUCTION OR TAKEOVER

- 10.1 All PSRs that have not been Exercised (Vested and unvested) will become immediately exercisable in the event of a Reconstruction or Takeover of the Company.
- 10.2 If there is an internal reconstruction or other event which does not involve any change in the ultimate Control of the Company, and therefore is not a Reconstruction or Takeover, or if any other corporate action is taken which affects or may affect Grants, the Directors, in accordance with the provisions of Rule 14, may in their absolute discretion take such action as they consider appropriate to protect the interests of Participants, including converting Grants into grants of a substantially similar value in respect of shares in one or more other companies, provided that the Participants are no worse off thereafter.
- 10.3 Where necessary, in respect of any such actions, 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, at the relevant time, confirm to the Directors and the JSE in writing that these actions are on a non-prejudicial basis and are in accordance with the provisions of the Plan.
- 10.4 Any adjustments contemplated in Rule 10.2 will be included in the Company's annual financial statements.

11 VARIATION IN SHARE CAPITAL

- 11.1 In the event of a Rights Issue, Capitalisation Issue, subdivision of Shares, consolidation of Shares, the Shares ceasing to be listed on the JSE, the Company being put into liquidation for the purpose of reorganisation, or any other event affecting the share capital of the Company, or in the event of the Company making a Distribution (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), Participants will continue to participate in this Plan. In the event of any such adjustment, the Directors may, in accordance with the provisions of Schedule 14 of the JSE Listings Requirements, make adjustments to the number of overall and individual limits of PSRs that may be utilised for purposes of the Plan, adjust the number of PSRs Granted to Participants, adjust the Exercise Price and/or take such other action as may be required to ensure that a Participant will be entitled to the same proportion of Shares as that to which the Participant was previously entitled prior to the happening of the relevant event.

- 11.2 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 Directors and to the JSE in writing, at the time that any such adjustment is finalised, that the relevant adjustment is on a non-prejudicial basis and is in accordance with the provisions of the Plan.
- 11.3 Any adjustments contemplated in Rule 11.1 will be included in the Company's annual financial statements.
- 11.4 If the Company is placed into liquidation other than for the purposes of reorganisation, any PSRs that have not yet Vested will *ipso facto* lapse from the date of liquidation. For the purposes hereof "date of liquidation" will mean the date upon which any application for the liquidation of the Company (whether provisional or final) is granted by a South African court.

12 FURTHER CONDITIONS

- 12.1 The Participants shall pay to the Employer Company on demand any employees' tax, uncertificated securities tax, and any other taxes, levies or costs for which a liability may arise as a result of the Exercise of PSRs (further "Tax Liabilities"). In these circumstances, the Participants irrevocably appoint the relevant Employer Company and/or its nominee as their agent to settle the Tax liabilities to the appropriate party or revenue authority.
- 12.2 Participants shall, to the extent that they are not capable of paying the Tax Liabilities on demand, as referred to in Rule 12.1, irrevocably appoint the Employer Company and/or its nominee as their agent to sell such number of Shares to be delivered to them on Settlement as may be required to enable the Employer Company and/or its nominee to settle the Tax Liabilities to the appropriate party or revenue authority.
- 12.3 Without derogating from the provisions of Rule 12.2, Participants shall be entitled to dispose of Shares acquired in terms of the Plan at any time on or after the relevant Settlement Date. Without placing any restrictions on Participants to freely dispose of Shares acquired in terms of the Plan at their market value, Participants are encouraged, but not obliged, to retain ownership of at least 40% (forty percent) of the Shares acquired in terms of the Plan within two years from their corresponding Vesting Date.

- 12.4 If the acquisition or disposal of Shares would be in contravention of any code adopted by the Company relating to dealings in securities by directors, or prohibited by insider trading legislation or other legislation or regulations, the delivery of Shares will be delayed until there would be no such contravention.
- 12.5 The rights of Participants under this Plan are determined exclusively by these Rules. A Participant has no right to compensation or damages, or any other amount or benefit in respect of his ceasing to participate in this Plan, or in respect of any loss or reduction of any rights or expectations under this Plan in any circumstances, except as otherwise set out in these Rules. In particular, a Participant will have no claim of whatsoever nature against the Company or against any other member of the Group in the event that the Exercise Price on the Exercise Date or on any other date is less than the Grant Price or the excess of the Exercise Price over the Grant Price is at any time less than expected by the Participant or any other person or entity.
- 12.6 PSRs may not be transferred, ceded, assigned or otherwise disposed of by a Participant to any other person, provided that on the death of a Participant his PSRs will be transferred to the executor of his deceased estate, and thereafter to his heirs or legatees, who will also be subject to these Rules.
- 12.7 A Participant will not be entitled to any voting rights or dividends on the Shares not yet transferred to him.
- 12.8 If listed, application will be made by the Company for the listing of the Shares as soon as possible after the issue thereof in terms of Rule 8.
- 12.9 Where a Participant is transferred from one Employer Company to another Employer Company:
- 12.9.1 all PSRs Granted to such Participant by the Directors will remain in force on the same terms and conditions as set out in these Rules; and
- 12.9.2 the second Employer Company will assume all of the obligations that may arise in respect of the relevant PSRs in consideration for obtaining the Participant's services from the first Employer Company.

13 DISCLOSURE IN ANNUAL FINANCIAL STATEMENTS

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

14 AMENDMENTS AND TERMINATION

14.1 Subject to the provisions of this Rule 14 and the Listings Requirement of the JSE, the Directors may in their discretion at any time, alter, vary, add to, relax or deviate from Rules as they think fit, including the termination of the Plan. Any such amendments or termination may only be made to ensure that a Participant will be entitled to the same proportion of Shares as that to which the Participant was previously entitled.

14.2 Except as provided for in Rule 14.3 below and in Schedule 14 of the JSE Listings Requirements, the provisions relating to:

14.2.1 eligibility to participate in this Plan;

14.2.2 the individual and overall Company limits contained in Rule 5;

14.2.3 the procedure to be adopted on termination of employment or the retirement, resignation, retrenchment or death of a Participant;

14.2.4 the voting, dividend, transfer and other rights, including those arising on the liquidation of the Company, attaching to the PSRs;

14.2.5 the terms of this Rule 14.2;

14.2.6 the basis on which PSRs are granted;

14.2.7 the matters contemplated in Rule 10; and

14.2.8 any other matters described in Schedule 14 to the JSE Listings Requirements,

may not be amended without the prior approval by ordinary resolution of shareholders of the Company in general meeting (requiring a 75% majority of the votes cast in

favour of such resolution by all shareholders present or represented by proxy at such general meeting), and of the JSE.

- 14.3 Subject to the approval of the JSE, the Directors, in their absolute discretion, may make minor amendments for ease of the administration of this Plan, 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.

15 DOMICILIUM AND NOTICES

- 15.1 The parties choose *domicilium citandi et executandi* for all purposes arising from this Plan, including, without limitation, the giving of any notice, the payment of any amount, the delivery of Shares, or the serving of any process, as follows:
- 15.1.1 **the Company or the Directors:** The address and telefax number of the Registered Office of the Company from time to time;
- 15.1.2 **Employer Company:** The address and telefax number of the Registered Office of the Employer Company from time to time; and
- 15.1.3 **each Participant:** The physical address, telefax number and electronic address as from time to time reflected in the Employer Company's payroll system.
- 15.2 Any of the above persons will be entitled, from time to time, by written notice to the others, to vary its *domicilium* to any other physical address within the Republic of South Africa and/or its telefax number and/or (in the case of a Participant) his electronic address: provided that in the case of a Participant, such variation is also made to his details on the Employer Company's payroll system.
- 15.3 Any notice given, and any delivery or payment made by any of the above persons to any other, which:
- 15.3.1 is delivered by hand during the normal business hours of the addressee at the addressee's *domicilium* for the time being, shall be rebuttably presumed to have been received by the addressee at the time of delivery;

- 15.3.2 is delivered by courier during the normal business hours of the addressee at the addressee's *domicilium* 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; and
- 15.3.3 is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at the addressee's *domicilium* for the time being, shall be rebuttably presumed to have been received by the addressee on the 7th (seventh) day after the date of posting.
- 15.4 Any notice given that is transmitted by electronic mail and/or telefax to the addressee at the addressee's electronic address and/or telefax number (as the case may be) for the time being shall be presumed, until the contrary is proven by the addressee, to have been received by the addressee on the date of successful transmission thereof.
- 15.5 Any notice or other document given to any Participant pursuant to this Plan 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 Directors to be appropriate. Notices or other documents sent by post will be deemed to have been given 7 (seven) days following the date of posting.
- 15.6 Any notice or document given to the Employer Company pursuant to this Plan 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.

16 **DISPUTES**

Any dispute arising under this Plan will be referred to the decision of an appropriate expert, nominated by the Directors for that purpose, who will act as an expert and not as an arbitrator, and whose decision will, in the absence of manifest error, be final and binding upon all persons affected thereby.

17 **GOVERNING LAW**

South African law governs the operation of this Plan. All Employer Companies and

Participants submit to the jurisdiction of the South African courts as regards any matter arising under this Plan.