

AFRIMAT LIMITED

(Registration No. 2006/022534/06)

SHARE APPRECIATION RIGHT PLAN (“SAR”)

(Amended 18 May 2022)

TABLE OF CONTENTS

1.INTRODUCTION.....	3
2.INTERPRETATION	3
3.OPERATION OF THE SAR.....	13
4.SAR LIMITS	15
5.MAKING OF AWARDS	17
6.SETTING AND REVIEW OF PERFORMANCE CONDITION	18
7.VESTING OF SARs.....	20
8.EXERCISE OF SARs	21
9.SETTLEMENT OF AWARDS.....	21
10.TERMINATION OF EMPLOYMENT 14.1(h).....	24
11.CHANGE OF CONTROL 14.1(g).....	27
12. MALUS AND CLAWBACK	27
13. VARIATION IN SHARE CAPITAL 14.3(a) (b) (c)	28
14.LAPSE OF AWARDS.....	30
15.FURTHER CONDITIONS	31
16.DISCLOSURE IN ANNUAL FINANCIAL STATEMENTS 14.8	33
17.AMENDMENTS AND TERMINATION 14.2	33
18.DOMICILIUM AND NOTICES	34
19.DISPUTES	36
20.GOVERNING LAW	38

1. INTRODUCTION

- 1.1. The purpose of the SAR is to provide Employees of the Employer Companies, with the opportunity of receiving Shares in the Company or the equivalent value thereof in cash through the Award of SARs. The SAR will incentivise Participants to promote the continued growth of the Company, 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 a Performance Condition.

2. INTERPRETATION

- 2.1. In these Rules, unless inconsistent with the context, the following words and expressions will have the meanings set out thereafter.
 - 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 18 and “Accepted” or “Acceptance” will 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 on the basis that the Employee may forfeit the Award of SARs, or part thereof, in the circumstances set

out in the Award Letter and the Rules, and
“Awarded” will 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 Remuneration Committee resolved to make such an Award to the Employee, irrespective of the date on which the Award is actually accepted by the Employee; [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 SARs which are the subject of an Award, the 30-day volume weighted average price (“VWAP”) of a Share, as quoted on the JSE, measured over the 30 (thirty) day period immediately preceding 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. "Company" Afrimat Limited (Registration Number 2006/022534/06);
- 2.1.13. "Company Secretary" the secretary of the Company from time to time;
- 2.1.14. "Control" means:
- 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, irrespective of whether such holding or holdings confers *de facto* control; or
 - 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 percent) of 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;

2.1.15. "Country Schedule"

to the extent required, a schedule to these Rules to be adopted as directed by the Remuneration Committee, governing participation in the SAR by Employees employed by the Group in jurisdictions other than South Africa. Such Country Schedule will form part of the Rules and will govern the Award made in terms thereof;

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 will 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 will 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 any Employer Company, but excluding any non-executive director of the Group; 14.1(a), 14.4, 14.5
- 2.1.19. “Employer Company” a company in the Group which employs an Employee;
- 2.1.20. “Employment Condition” 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” unless otherwise provided in these rules, the period commencing on the Award Date and ending on the date 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 as indicated in Rule 18 and “Exercise” will be construed accordingly;

- 2.1.23. “Exercise Notice” the notice referred to in Rule 8.1;
- 2.1.24. “Exercise Price” in relation to SARs which are the subject of an Award, the 30-day VWAP of a Share, as quoted on the JSE, measured over the 30 (thirty) day period immediately preceding the Exercise Date;
- 2.1.25. “Financial Year” the financial year of the Company running from 1 March of each year, as amended from time to time;
- 2.1.26. “Group” the Company and:
- a) its Subsidiaries from time to time; and
 - b) such other entities as identified by the Directors;
- and the expression “member of the Group” will be construed accordingly;
- 2.1.27. “JSE” the exchange operated by the JSE Limited (Registration number 2005/022939/06);
- 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 30 day 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;
- 2.1.33. "Notice of Acceptance" a notice completed by an Employee, in the formant provided by the Company, in respect of the Acceptance of an Award;
- 2.1.34. "Participant" an Employee to whom an Award as been made in terms of this SAR and who has Accepted such Award, including the executor or representative of the Employee's deceased estate;
- 2.1.35. "Performance Condition" a condition of Vesting, which may be applied to an Award of SARs, as set out in the Award Letter;
- 2.1.36. "Performance Periods" the periods in respect of which a Performance Condition is to be satisfied, as set out in the Award Letter;

- 2.1.37. “Prohibited Period” a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- 2.1.38. “Purchase Programme” a purchase programme wherein the dates and quantities of securities to be traded during a Prohibited 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” a policy or agreement in force from time to time between the Company and an Employer Company or between Employer Companies regulating the funding of the Settlement;
- 2.1.40. “Remuneration Committee” the Remuneration Committee of the board of Directors, the members of which do not hold any executive office within the Group;
[14.4](#), [14.5](#)
- 2.1.41. “Retirement” in relation to a Participant, normal retirement age as determined by the Employer Company, or with the approval

- of the Remuneration Committee, prior to the normal retirement age;
- 2.1.42. “Rights Issue” the offer of securities of the Company to all ordinary shareholders of the Company *pro rata* to their holdings at the record date;
- 2.1.43. “Rules” these Rules of the SAR, as amended from time to time;
- 2.1.44. “SAR” the Afrimat Limited Share Appreciation Right Plan constituted by these Rules;
- 2.1.45. “SARs” share appreciation rights, being rights to participate in the increase in the value of a Share between the Award Date and the Exercise Date of that number of SARs Awarded;
- 2.1.46. “SAR Period” the period from the Award Date to midnight on the date stated in the Award Letter as being the date on which the SARs will lapse;
- 2.1.47. “Settlement” following the Exercise of an Award of SARs, delivery to a Participant of the required number of Shares in accordance with the Settlement methods stipulated in Rule 9 and the words “Settle” and “Settled” will bear a corresponding meaning;
- 2.1.48. “Settlement Date” the date on which Settlement will occur;

- 2.1.49. “Share” an ordinary share in the capital of the Company;
- 2.1.50. “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;
- 2.1.51. “Vest” in relation to SARs Awarded, the event which causes the SARs to become exercisable and “Vesting” and “Vested” will be construed accordingly; and
- 2.1.52. “Vesting Date” the date on which Vesting occurs.
- 2.2. The headings in these Rules are inserted for reference purposes only and will 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 will be given to it as if it were a substantive provision in the body of these Rules.
- 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 subordinate legislation made under them from time to time. Any reference to a particular section in a statutory provision is to that section as at the date of adoption of this SAR and as amended or re-enacted from time to time and / or an equivalent measure in a statutory provision,

provided that if as a result of such amendment or re-enactment, the specific requirements of a section referred to in this SAR are changed, the relevant provision of this SAR will be read also as if it had been amended as necessary, without the necessity for an actual amendment.

2.6. When any number of days is prescribed in this SAR, it will be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day that is not a Business Day, in which case the last day will be the next succeeding day that is a Business Day.

2.7. Unless a contrary intention clearly appears –

2.7.1. if figures are referred to in numerals and in words and if there is any conflict between the two, the words will prevail;

2.7.2. the words "include", "including" and "in particular" will be construed as being by way of example or emphasis only and will not be construed as, nor will they take effect as, limiting the generality of any preceding word/s;

2.7.3. any reference in this SAR to another agreement or document will be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented; and

2.7.4. the words "other" and "otherwise" will not be construed *eiusdem generis* with any preceding words if a wider construction is possible.

3. OPERATION OF THE SAR

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

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

3.1.2. The Remuneration 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 4.1.4, 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 terms of the Employment Condition;
- 3.1.2.5. the Employment Period and Vesting Date in respect of each Award;
- 3.1.2.6. to the extent applicable, the terms of the Performance Condition and Performance Periods; and
- 3.1.2.7. all other issues relating to the governance and administration of the SAR.
- 3.1.3. If, and when, the Remuneration Committee approves an Award of SARs, the Remuneration Committee will notify the Company and the Employer Company of each Employee who has been approved for participation in the SAR.
- 3.1.4. Each Employer Company of an Employee, whose participation in the SAR has been approved, will acknowledge in writing to the Remuneration Committee participation of its respective Employees in the SAR.
- 3.1.5. The Company or its nominee will issue an Award Letter to every Employee who has been approved for participation in the SAR as soon as is practically possible after receiving the Remuneration Committee's notification in terms of Rule 3.1.3.
- 3.1.6. The Company or Employer Company will remain responsible to procure the Settlement of Shares in terms of the SAR to the Participants employed by them on the Settlement Date, or as may otherwise be regulated under the Recharge Policy.
- 3.1.7. 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 will not exceed 10,000,000 (ten million) Shares, which equates to approximately 7% 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. In determining the number of Shares Settled in respect of this SAR, for the purposes of Rule 4.1.1, the following will be included:

4.1.2.1. the number of Shares held in treasury account and which have been utilised by the Company in Settlement of this SAR, as contemplated in Rules 9.4.2 and 9.4.3; and

4.1.2.2. the number of Shares issued by the Company in Settlement of this SAR, as contemplated in Rules 9.4.4 and 9.4.5.

4.1.3. In determining the number of Shares Settled in respect of this SAR for the purposes of Rule 4.1.1, Shares purchased in the market as contemplated in Rule 9.4.1 in Settlement of this SAR will be excluded. 14.9(c)

4.1.4. Awards in terms of the SAR, which are not subsequently Settled to a Participant as a result of the forfeiture thereof, will revert to the SAR as relevant. 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, will not exceed 1,000,000 (one million) Shares, which equates to approximately 0.7% 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 of Shares will prevail.

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

4.3.1. The Remuneration Committee must, where required, adjust the number of Shares stated in Rule 4.1.1 and Rule 4.2 (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 the limit as stated in Rule 4.1.1 and Rule 4.2 represents the same proportion of the equity capital of the Company as it represented before such event. 14.3(a)

4.3.2. The Remuneration Committee may, where required, adjust the number of Shares stated in Rule 4.1.1 and 4.2 (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)

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 of Rule 4.3.1 and 4.3.2 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 a circumstance that requires any adjustment to limit stated in Rule 4.1.1 and 4.2. 14.3(c)

4.3.5. Any adjustments made in terms of Rule 4.3.1 and Rule 4.3.2 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 Remuneration 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, or by any code adopted by the Company relating to dealings in securities or the JSE Listings Requirements, as the case may be.

5.2. Award Letter

5.2.1. The Award Letter will be in writing and will 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 which comprise the Award;

5.2.1.4. the Award Price;

5.2.1.5. the Employment Condition;

5.2.1.6. the Employment Period;

5.2.1.7. the Performance Condition (if applicable);

5.2.1.8. the Performance Periods (if applicable) ;

5.2.1.9. the Vesting Date;

5.2.1.10. the SAR Period; and

5.2.1.11. and other relevant terms and conditions.

5.3. An Award will:

- 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 30 (thirty) days after the Award Date); and
 - 5.3.3. any written acceptance of the Award will be in the form prescribed by the Company and be submitted to the Company Secretary, or such other person as the Company 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 deemed to have been refused.
- 5.4. Save for Securities Transfer Tax, which the Employer Company may recover from the Participant, the Participant, will give no consideration for the Award or on the exercise of the SARs. 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. 14.1(d)(i)

6. SETTING AND REVIEW OF PERFORMANCE CONDITION

6.1. Setting of the Performance Condition

- 6.1.1. The Vesting of an Award of SARs:
 - 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 a Performance Condition; and
 - 6.1.1.3. may be subject to any other conditions set by the Remuneration Committee and set out in the Award Letter.

6.1.2. Any such Performance Condition and any further condition imposed in terms of Rule 6.1 will 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 Periods which causes the Remuneration Committee to consider that a Performance Condition is no longer appropriate, the Remuneration 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**

6.3.1. If the Award is subject to a Performance Condition, then as soon as reasonably practicable after the end of the Performance Periods in relation to that Award, the Remuneration Committee will review whether and extent to which, the Performance Condition have been met.

6.3.2. The Award will Vest to the extent that the Remuneration Committee determines that the Performance Condition and any other conditions imposed in terms of Rule 6.1 have been satisfied.

6.3.3. If the Remuneration Committee is satisfied that the Performance Condition and any other conditions imposed in terms of Rule 6.1 have been fulfilled, the Remuneration Committee will calculate the number of SARs that will Vest for each Participant and notify each Participant of this fact as soon as is reasonably practicable.

- 6.3.4. If the Remuneration Committee is satisfied that the Performance Condition and any other conditions imposed in terms of Rule 6.1 can no longer be fulfilled, no SARs will Vest and will lapse immediately. The Participant will be notified of such fact accordingly.
- 6.3.5. In the event that the Performance Condition has to be reviewed prior to the end of the Performance Periods, as envisaged by Rules 10 and 11, the Remuneration Committee will have regard to the following when determining whether, and the extent to which, the Performance Condition has been satisfied:
- 6.3.5.1. where the event which triggers the early review occurs within 6 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
- 6.3.5.2. where the event, which triggers the early review, occurs more than 6 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. to the extent applicable, the date on which the Performance Condition have been satisfied, as determined by the Remuneration Committee; and
- 7.1.3. to the extent applicable, any other conditions 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.

8. EXERCISE OF SARs

- 8.1. SARs 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 or representative of his deceased estate, 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 Listing Requirements, as the case may be.

9. SETTLEMENT OF AWARDS

- 9.1. Following the Exercise of SARs, the Company or relevant Employer Company will 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 9.4.
- 9.2. The number of Shares to be delivered to the Participant in accordance with Rule 9.1 will be calculated by reference to the formula:

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

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.

- 9.3. In the event that the Remuneration Committee directs that the Award is Settled in cash in accordance with Rule 9.5, the Settlement value would be calculated as follows:

$$A = (B - C) \times D$$

Where:

A = the cash Settlement value;

B = the Exercise Price;

C = the Award Price; and

D = the number of SARs being exercised.

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

9.4.1. 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 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)

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

9.4.3. 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:

- 9.4.3.1. the Market Value per Share on the Settlement Date; or
 - 9.4.3.2. any other minimum value per Share as prescribed in the Act; or
 - 9.4.3.3. an amount equal to the cost incurred by the Subsidiary in acquiring the Shares held in treasury; or
- 9.4.4. The Company or relevant Employer Company will, if so instructed by the Remuneration 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 the Company or 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:
- 9.4.4.1. the Market Value per Share on the Settlement Date; or
 - 9.4.4.2. the other minimum value per Share as prescribed in the Act; or
- 9.4.5. The Company will, if so instructed by the Remuneration 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.
- 9.5. In exceptional circumstances only, the Remuneration Committee may direct that the Award is Settled in cash on the Settlement Date.

- 9.6. 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 charge such costs to the relevant Employer Company in terms of the Recharge Policy. Similarly, where an Employer Company incurs costs in the Settlement of an Award of a Participant employed by another Employer Company, such an Employer Company will charge the costs to the relevant Employer Company that employs the Participant in terms of the Recharge Policy.
- 9.7. 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 *parri passu* with existing shares. 14.1(e)
- 9.8. 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)
- 9.9. 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 Listing 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 14.1(h)

10.1. Fault Termination

- 10.1.1. If a Participant's employment with any Employer Company terminates before the Exercise Date by reason:
- 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; or

10.1.1.4. any reason other than stated in Rule 10.2 and Rule 10.3;

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

10.1.2. 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.

10.2. **No Fault Termination**

10.2.1. If a Participant's employment with any Employer Company terminates prior to 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 operational 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 Remuneration 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 portion of his Award will Vest as soon as reasonably possible thereafter when the Remuneration Committee has determined the extent to which the Performance Condition has been met.

- 10.2.2. The portion of the Award which will Vest will be determined based on the extent to which the Performance Condition have been satisfied (determined in accordance with Rules 10.2.5 and 10.2.6), *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 Vesting Period.
- 10.2.3. The portion of the Award that does not Vest in accordance with Rule 10.2.1 will lapse on the Date of Termination of Employment.
- 10.2.4. 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 10.2.1, those SARs 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.
- 10.2.5. In the event that the Performance Condition has to be reviewed prior to the end of the Performance Periods due to termination of employment due to Rule 10.2.1.1 (death), the Remuneration Committee will review the Performance Condition by reference to the results reported by the Company at its previous Financial Year end.
- 10.2.6. In the event that the Performance Condition has to be reviewed prior to the end of the Performance Periods due to termination of employment due to the circumstances set out in Rule 10.2.1.2 to 10.2.1.5, the Remuneration Committee will have regard to the following when determining whether, and the extent to which, the Performance Condition(s) have been satisfied:
 - 10.2.6.1. 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

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

10.2.6.2. where the event, which triggers the early review, occurs more than 6 months after the end of the Company's preceding Financial year-end, the Performance Condition(s) will be reviewed by reference to the results to be reported by the Company in respect of the forthcoming Financial Year end.

10.2.7. To the extent that there is more than one Vesting Date and more than one Vesting Period in respect of a particular Award, the relevant calculation, as set out in Rule 10.2.5 and 10.2.6, should be carried out in respect of each Vesting Period.

10.3. **Exceptional circumstances**

10.3.1. Subject to the Remuneration 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 reason other than those set out in Rule 10.1 and 10.2 above, including but not limited to circumstances where a mutual separation agreement is concluded, a portion of his Award will Vest on the Date of Termination of Employment or as soon as reasonably practicable thereafter. The portion of the Award, which will Vest, will be calculated in accordance with Rules 10.2.5 and 10.2.6.

11. CHANGE OF CONTROL 14.1(g)

11.1. If an offer is made which, if implemented, may directly result in a Change of Control of the Company occurring before the Vesting Date of any particular Award, and which will result in:

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

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,

the Remuneration Committee, having regard to such professional advice as they consider appropriate in the circumstances, has an absolute discretion to accelerate Vesting of a portion of Awards.

- 11.2. In exercising their discretion, the Remuneration Committee may consider the number of months served since the Award Date to the accelerated Vesting Date over the total number of months in the Employment Period and the extent to which the Performance Condition, if applicable, has 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 Remuneration Committee will have the discretion to specify a date following such Vesting by when the Participants will be able to exercise SARs Vested in terms of Rules 11.1 and 11.2. To the extent that SARs are not exercised by this date, they will lapse.
- 11.5. The portion of the Award that does not Vest on the Change of Control Date will lapse. **14.3**
 - (a)

12. MALUS AND CLAWBACK

- 12.1. The SARs, and/or Shares, as the case may be, will be subject to such adjustments and deductions (malus) or recovery (clawback) as may be required to be made upon reasonable evidence, but in the sole discretion of the Remuneration Committee acting reasonably, that the Participant contributed to, or was materially responsible for:
 - 12.1.1. the need for restatement of the Company's or any member of the Group's financial results because of fraud, dishonesty or other misconduct;
 - 12.1.2. misstating or misreporting or fraudulent or dishonest concealment of any clinical or trial data;
 - 12.1.3. personally acting fraudulently or dishonestly in a manner that adversely affects the Company's reputation or which is characterised as gross misconduct;

- 12.1.4. directing an employee, contractor, or advisor to act fraudulently, dishonestly, or to undertake other misconduct; and
- 12.1.5. breaching their material obligations to the Company through error, omission, or negligence.
- 12.2. The Company will make any determination for adjustment, deduction, clawback, recovery, or non-payment of amounts in its sole discretion and in accordance with any applicable law or regulation.

13. VARIATION IN SHARE CAPITAL 14.3(a) (b) (c)

- 13.1. For purposes of this Rule 12, "Variation in Share Capital" will include:
 - 13.1.1. a Capitalisation Issue;
 - 13.1.2. a Rights Issue;
 - 13.1.3. a subdivision of Shares;
 - 13.1.4. a consolidation of Shares;
 - 13.1.5. the Company entering into a scheme of arrangement as contemplated in section 114 of the Act;
 - 13.1.6. 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; and
 - 13.1.7. 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.
- 13.2. In the event of a "Variation in Share Capital", Participants will continue to participate in the SAR. The Remuneration 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.

- 13.3. 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)**
- 13.4. The Company will notify the Participants of any adjustments, which are made under Rule 11.1 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)**
- 13.5. 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)**
- 13.6. 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)**

14. LAPSE OF AWARDS

- 14.1. Notwithstanding any other provision of the Rules, an Award will lapse on the earliest of:
 - 14.1.1. Where applicable, the Remuneration Committee determining that the Performance Condition, 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;
 - 14.1.2. Subject to Rule 10 and 11, the Date of Termination of Employment;
 - 14.1.3. Upon the expiry of the SAR Period as specified in the Award Letter, to the extent that they are not exercised;
 - 14.1.4. The Liquidation Date, in accordance with Rule 2.1.29 and
 - 14.1.5. Any other date provided for under these Rules.

14.2. Shares held in trust may only be sold once the employment of a Participant is terminated or the Participant is deceased, or on behalf of a Participant once the Awards have Vested.

14.9(b)

14.3. Notwithstanding the provisions of Rule 14.1, if an extended SAR Period is required due to the fact that the SAR Period expires during a Prohibited Period, the SAR Period will be extended for a period of 90 (ninety) days from the end of the Prohibited Period.

15. FURTHER CONDITIONS

15.1. 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 Remuneration Committee can direct alternative arrangements including (but not limited to) that the Participants be paid a cash amount on the Exercise Date in lieu of Shares that would have become liable to be delivered to the Participant, which is equivalent to the aggregate Market Value of such Shares as at the Exercise Date, on such date. The terms and conditions of such Award will be set out in a separate Country Schedule.

15.2. An Employer Company may withhold any amount required:

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

15.2.2. for employees' tax,

from the Participant's remuneration or any other amount due by the Employer Company to the Participant.

15.3. The Employer Company will delay the Vesting, Exercise and Settlement of the Award, whichever is appropriate, to the Participant if the acquisition or disposal of the Shares would otherwise:

15.3.1. occur during a Prohibited Period unless a Purchase Programme is in place; or

- 15.3.2. be in contravention of any code adopted by the Company relating to dealings in securities by Directors; or
- 15.3.3. be prohibited by insider trading legislation or any other legislation or regulations, until such a time as the Vesting, Exercise and Settlement of the Award will no longer constitute such a contravention.
- 15.4. The rights of Participants under this SAR are determined exclusively by these Rules read with the JSE Listings Requirements.
- 15.5. 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:
 - 15.5.1. he ceased to be a Participant in the SAR; or
 - 15.5.2. any of his rights or expectations under this SAR were reduced or lost.
- 15.6. 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)
- 15.7. Where a Participant is transferred from one Employer Company to another Employer Company:
 - 15.7.1. 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
 - 15.7.2. 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.
- 15.8. Shares will only be issued or purchased once a Participant has been formally identified. 14.9(a)

15.9. 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. **1.11**

15.10. Shares held in treasury or otherwise for purposes of 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**

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 at the beginning of the Financial Year and changes in such number during Financial Year and the balance of Shares available for utilisation for purposes of the SAR at the end of the Financial Year.

17. AMENDMENTS AND TERMINATION 14.2

17.1. Subject to the provision of this Rule 17, 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, and subject to the JSE Listings Requirements.

17.2. Except as provided in Rule 17.3 the provisions relating to: **14.2**

17.2.1. eligibility to participate in the SAR; **14.1(a)**

17.2.2. the number of Shares which may be utilised for the purpose of the SAR as envisaged in Rule 4.1; **14.1(b)**

17.2.3. the individual limitations on benefits or maximum entitlements envisaged in Rule 4.2 4.1.4; **14.1(c)**

17.2.4. the basis upon which Awards are made as stipulated in Rule 3.1; **14.1(f)**

- 17.2.5. the amount payable upon the Award, Vesting, Exercise and Settlement;
- 17.2.6. the voting, dividend, transfer and other rights attached to the Awards, including those arising on a liquidation of the Company; 14.1(e)
- 17.2.7. the adjustment of Awards in the event of a variation of capital of the Company or a Change of Control of the Company; 14.1(g)
- 17.2.8. 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)
- 17.2.9. the terms of this Rule 17.2,

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 Exercise of SARs under this SAR who are existing Participants in the SAR and who may be impacted by the changes.

- 17.3. Subject to Rule 17.2, the Remuneration 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.
- 17.4. The Remuneration 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.

18. DOMICILIUM AND NOTICES

- 18.1. 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:

- 18.1.1. the Company, the Company Secretary and the Remuneration Committee - The address and telefax number of the registered office of the Company from time to time;
 - 18.1.2. and Employer Company – The address and telefax number of the registered office of the Employer Company from time to time; and
 - 18.1.3. each Participant – The physical address, telefax number and electronic address from time to time reflected as being his address, telefax number and / or electronic address in the Employer Company's payroll system from time to time.
- 18.2. Any of the above parties will 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 its facsimile number and / or (in 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.
- 18.3. Any notice given and any delivery or payment made by any of the above persons to any other which:
- 18.3.1. is delivered by hand during the normal business hours of the addressee at the addressee's domicilium for the time being, will be rebuttably presumed to have been received by the addressee at the time of delivery;
 - 18.3.2. is delivered by courier during the normal business hours of the addressee at the addressee's domicilium for the time being, will 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;
 - 18.3.3. 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, will be rebuttably presumed to have been received by the addressee on the 7th (seventh) day after the date of posting;

- 18.3.4. is transmitted by electronic mail and / or facsimile to the addressee at the addressee's electronic address and /or facsimile address (as the case may be) for the time being, will rebuttably be presumed to have been received by the addressee on the date of successful transmission thereof.
- 18.4. In the case of any notice or document given to the Employer Company pursuant to the SAR, delivered or sent by post to its registered office or such other address as may be specified by the Employer Company, such notice or document;
- 18.4.1. must be marked for the attention of the Company Secretary of the Employer Company;
and
- 18.4.2. will not be deemed to have been received before actual receipt by the Company Secretary of the Employer Company.
- 18.5. Notwithstanding anything to the contrary herein contained, a written notice or document that is actually received by a person will be adequate for purpose of this SAR, notwithstanding that such notice or document was not received at that party's *domicilium citandi et executandi*.

19. DISPUTES

- 19.1. The Participant and the Remuneration Committee will attempt to resolve any dispute arising out of or relating to this SAR internally.
- 19.2. In the event that the dispute cannot be resolved internally, the matter will be decided externally by way of arbitration in the manner set out in Rule 19.3 below.
- 19.3. The arbitration will be held subject to the provisions of this SAR:
- 19.3.1. at Cape Town;
- 19.3.2. informally;
- 19.3.3. otherwise in accordance with the provisions of the Arbitration Act, No 42 of 1965, as amended,

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

19.4. The arbitrator will be, if the question in issue is:

19.4.1. 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;

19.4.2. 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;

19.4.3. any other matter, an independent person agreed upon between the parties.

19.5. 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.

19.6. Where an appeal is made, 2 (two) practising senior counsel of at least 15 (fifteen) years' standing will be appointed as chairpersons of the appeal. If the parties are unable to agree on the chairpersons for the appeal the provisions of Rule 19.4 will mutatis mutandis apply with the changes required by the context. The chairpersons will meet the parties within 7 (seven) Business Days after their appointment to determine the procedure for the appeal.

20. GOVERNING LAW

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

This SAR be duly adopted at a shareholders meeting of Afrimat Limited held at **Ruslamere Conference Centre, 14 Langeberg Road, Durbanville** on **3 August 2022** the Rules of the SAR having been made available for inspection for at least 14 (fourteen) days prior to the general meeting at the Company's registered office. **14.7**

Chairperson of the General Meeting