

GRINDROD LIMITED
(Registration No 1966/009846/06)

FORFEITABLE SHARE PLAN

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1. **INTRODUCTION**

1.1 The purpose of the FSP is to provide selected Employees of the Employer Companies with the opportunity of receiving Shares in the Company.

1.2 The FSP will be used as a retention mechanism or as a tool to attract prospective Employees. The FSP will provide Participants with the opportunity to share in the success of the Company and provide alignment between these Participants and shareholders. 14.1(a)

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 “Act” the Companies Act 71 of 2008 as amended and any re-enactment or replacement thereof;

2.1.2 “Allocated” for purposes of setting the FSP limits referred to in Rule 5, shall mean one Share allocated per Forfeitable Share Awarded;

2.1.3 “Auditors” the auditors of the Company from time to time;

2.1.4 “Award” an award of a specified number of Forfeitable Shares to an Employee in

terms of Rule 4.6 on the basis that the Forfeitable Shares may be forfeited in the circumstances set out in the Award Letter and these Rules, and “Awarded” shall bear a similar meaning;

- 2.1.5 “Award Date” the date, specified in the Award Letter, on which an Award is made to an Employee and the Employee will be deemed to have automatically accepted the Award on this date, unless otherwise specified in the Rules;
- 2.1.6 “Award Letter” a letter containing the information specified in Rule 6.2 sent by the Company or its nominee, and on the recommendation of the Employer Company, to an Employee informing the Employee of the making of an Award to him;
- 2.1.7 “Business Day” any day on which the JSE is open for the transaction of business;
- 2.1.8 “Capitalisation Issue” the issue of shares on capitalisation of the Company’s profits and/or reserves including the Company’s share premium

account and capital redemption reserve fund;

2.1.9 “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;

2.1.10 “Change of Control Date” the date on which the Change of Control of the Company becomes effective;

2.1.11 “Company” Grindrod Limited (Registration Number 1966/009846/06);

2.1.12 “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 the prescribed percentage from time to time, as defined in the Act and the regulations thereto, of the voting rights at shareholders 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% of the voting rights in the Company; or

(c) is entitled, directly or indirectly, 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;

2.1.13 "Country Schedule"

a schedule to these Rules to be adopted as directed by the RemCom, governing participation in the FSP by Participants employed by the Group in jurisdictions other than South Africa. Such Country Schedule shall form part of the Rules;

2.1.14 "Date of Termination of Employment" the date upon which a Participant is no longer permanently employed by, or ceases to hold salaried office in, any Employer Company; provided that, where a Participant's

employment is terminated without notice or on terms in lieu of notice, the Date of Termination of Employment shall be deemed to occur on the date on which the termination takes effect, and where such employment is terminated with notice, the Date of Termination of Employment shall be deemed to occur upon the date on which that notice expires;

- 2.1.15 “Directors” the directors of the Company from time to time;
- 2.1.16 “Employee” any person holding permanent salaried employment or office with any Employer Company, including any executive director, but excluding any non-executive director of the Group;[14.1\(a\)](#),
- 2.1.17 “Employer Company” a company in the Group which employs a Participant and which will have an obligation to Settle Shares to such Participant, unless otherwise provided for;

- 2.1.18 “Escrow Agent” the person or entity appointed by the Company from time to time to hold Forfeitable Shares on behalf of Participants;
- 2.1.19 “Financial Year” the financial year of the Company currently running from 1 January to 31 December of each year;
- 2.1.20 “Forfeitable Shares” the Shares comprised in the Award registered in the name of the Participant and held for his benefit in dematerialised form in terms of Rule 7, the Vesting of which is subject to the fulfilment of the Vesting Condition as specified in the Award Letter;
- 2.1.21 “FSP” the Grindrod Limited Forfeitable Share Plan constituted by these Rules;
- 2.1.22 “Group” the Company and its Subsidiary/ies from time to time;
- 2.1.23 “JSE” the exchange operated by the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company

laws of South Africa, licensed as an exchange under the Securities Services Act, No. 36 of 2004, as amended and any re-enactment or replacement thereof;

- 2.1.24 “JSE Listings Requirements“ the Listings Requirements as amended from time to time by the JSE, whether by way of practice note or otherwise;
- 2.1.25 “Liquidation Date” the date on which any successful application for the final or provisional liquidation of the Company is lodged at the relevant court;
- 2.1.26 “Majority of Operations” all or the greater part of the assets or undertaking of the Company;
- 2.1.27 “Participant” an Employee who has accepted or is deemed to have accepted an Award made to him in terms of the FSP and includes the executor of such Employee’s deceased estate where appropriate;
- 2.1.28 “Prohibited Period” a prohibited period, including a closed period, as defined in the JSE Listings

- Requirements applicable to the Company from time to time;
- 2.1.29 “Recharge Policy” a policy or agreement in force from time to time between the Company and an Employer Company regulating the funding of the Settlement;
- 2.1.30 “RemCom” the remuneration and nomination committee of the board of Directors, the members of which do not hold any executive office within the Group, charged with the administration of all or part of the FSP and, in the absence of such a RemCom, non-executive directors serving on the board of Directors;
- 2.1.31 “Retirement” in relation to a Participant, the normal retirement age as determined by the Company, or with the approval of the Directors, prior to the normal retirement age;
- 2.1.32 “Rights Issue” the offer of any securities of the Company to all ordinary shareholders of

the Company *pro rata* to their holdings at the record date;

2.1.33 “Rights Issue Share” a Share which a Participant can acquire in terms of a Rights Issue by virtue of Forfeitable Shares Awarded to him;

2.1.34 “Rules” these Rules of the FSP, as amended from time to time;

2.1.35 “Settlement” registration in the name of, and delivery to, a Participant of the required number of Forfeitable Shares to which the Participant is entitled pursuant to the making of an Award but which is subject to forfeiture in circumstances set out in the Award Letter, in accordance with the Settlement method stipulated in Rule 6.4, and the words “Settle” and “Settled” shall bear a corresponding meaning;

2.1.36 “Settlement Date” the date on which Settlement shall occur;

2.1.37 “Share” an ordinary share in the capital of the Company;

- 2.1.38 “Subsidiary” a company which is a subsidiary of the Company, within the meaning of the Act;
- 2.1.39 “Vesting Condition” the condition of continued employment with the Group for the duration of the Vesting Period, as specified in the Award Letter;
- 2.1.40 “Vesting Date” the date on which a Participant becomes unconditionally entitled to the Forfeitable Shares (free of any restrictions and further conditions that could result in forfeiture) on the fulfilment of the Vesting Condition as set out in the Award Letter and “Vest”, “Vesting” and “Vested” shall be construed accordingly; and
- 2.1.41 “Vesting Period” the period or periods 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 Vesting Condition.
- 2.2 The headings in these Rules are inserted for reference purposes only and shall in no way govern or affect the interpretation hereof.

- 2.3 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect shall be given to it as if it were a substantive provision.
- 2.4 Unless the context indicates otherwise, an expression that denotes any gender includes the others, a natural person includes a created entity (corporate or unincorporated) and the singular includes the plural, and *vice versa* in each case.
- 2.5 References in these Rules to any statutory provisions include a reference to those provisions as amended or replaced from time to time and include any regulations made under them.

3. **THE FSP**

These Rules shall govern all Awards made in terms of the FSP on or after the approval thereof by the shareholders of the Company.

4. **OPERATION OF THE FSP**

4.1 **Basis upon which Awards are made** 14.1(f)

4.1.1 The basis upon which Awards of Forfeitable Shares are made includes the following:

4.1.1.1 Awards of Forfeitable Shares will be made on an ad hoc basis, as and when the RemCom in consultation with the chief executive of the Group decides that there is a merit in making the Award to a particular Employee based on retention risks

identified or requirements identified in appointing new Employees, but subject to the provisions of Rule 4.2 and 4.3. When the chief executive officer is eligible to receive an Award of Forfeitable Shares, he will be excluded from the decision to make such Award.

4.1.1.2 The number of Forfeitable Shares to be made to an Employee will primarily be based on the Employee's annual salary, grade, and/or performance and/or market benchmarks and retention requirements.

4.1.1.3 Subsequent to the Award Date, the Forfeitable Shares will be Settled to the Participant and the Participant has all shareholder rights from the Settlement Date, subject to the forfeiture and disposal restrictions until the Vesting Date. 14.1(e)

4.1.1.4 In all instances, Vesting of the Awards of Forfeitable Shares will be subject to the Vesting Condition for the applicable Vesting Period, unless otherwise stated in Rule 9.

4.2 The RemCom may from time to time, in its discretion on an ad-hoc basis:

4.2.1 call upon the Employer Companies to make recommendations to the RemCom as to which of their respective Employees they recommend retain the services of or attract the services of by the Award of Forfeitable Shares; and

4.2.2 approve the grant of Awards to the Employees.

- 4.3 The RemCom will have the final authority to decide:
- 4.3.1 which Employees will participate in the FSP in respect of each Award;
 - 4.3.2 the aggregate quantum of Awards to be made to all Employees;
 - 4.3.3 the Vesting Period and Vesting Date in respect of each Award; and
 - 4.3.4 all other issues relating to the governance of the FSP.
- 4.4 If, and when, the RemCom approves the granting of an Award, the RemCom shall notify the Company and the Employer Company of each Employee who has been approved for participation in the FSP.
- 4.5 Each Employer Company of an Employee whose participation in the FSP has been approved shall, in writing, acknowledge to the RemCom participation of its respective Employees in the FSP.
- 4.6 The Company, or its nominee, shall issue an Award Letter to every Employee who has been approved for participation in the FSP as soon as is practically possible after receiving the RemCom's notification in terms of Rule 4.4.
- 4.7 The Company or Employer Companies will, however, remain responsible to procure the Settlement of the benefits under the FSP to the Participants employed by them on the Settlement Date, or as may otherwise be regulated under the Recharge Policy.

5. **FSP LIMITS**

5.1 **Overall company Limit** 14.1(b)

5.1.1 Subject to Rule 5.1.4, the aggregate number of Shares at any one time which may be Allocated under the FSP shall not exceed 635,000,000 (sixthirty five-million) Shares.

5.1.2 The limit referred to in Rule 5.1.1 shall include the following:

5.1.2.1 Shares held by a Subsidiary in treasury account or a trust established by the Company which holds Shares in treasury account and which have been utilised by the Company in Settlement of this FSP as contemplated in Rules 6.4.2.2 and 6.4.2.3 ; and

5.1.2.2 The actual number of new Shares allotted and issued by the Company in Settlement of this FSP as contemplated in Rules 6.4.2.4 and 6.4.2.5.

5.1.3 The limit referred to in Rule 5.1.1 shall exclude the following:

5.1.3.1 Shares purchased in the market as contemplated in Rule 6.4.2.1 in Settlement of this FSP; and 14.9(c)

5.1.3.2 Forfeitable Shares Awarded under the FSP which do not subsequently Vest in a Participant as a result of the forfeiture thereof. 14.3(f)

5.1.4 The Directors must, where required, adjust the number of Shares available for the FSP stated in Rule 5.1.1 (without the prior approval of the Company in a general meeting) and the number of Shares subject to existing Awards to take account of a sub-division or consolidation of the Shares of the Company. 14.3(a)

5.1.5 The Auditors shall confirm to the JSE in writing that any such adjustment has been properly calculated on a reasonable and equitable basis, in accordance with the Rules. 14.3(d)

5.2 **Individual limit** 14.1(c)

Subject to the provisions of Rule 11, the maximum number of Shares Allocated to any Participant under this FSP in respect of all Awards which have not yet Vested shall not exceed 17,000,000 (seventeen-million) Shares.

6. **MAKING AND SETTLEMENT OF AWARDS**

6.1 **Time when Awards may be made**

6.1.1 Subject to Rule 3, the RemCom may, on recommendation and on behalf of any Employer Company, select any Employee for participation in the FSP, and make an Award to such Employee:

6.1.1.1 after the publication of the Company's annual results for the relevant financial year. However, the RemCom may, on behalf of an Employer Company, allow an Employee to join the FSP part way through a Financial Year of the Company by making an

Award as soon as is practically possible after the interim results are published; and

6.1.1.2 on any day on which there are no restrictions on the making of Awards being restrictions imposed by a Prohibited Period, statute, order, regulation or directive, or by any code adopted by the Company based on the provisions contained in the King report on corporate governance relating to dealings in securities by directors or the Listings Requirements, as the case may be.

6.2 **Award Letter**

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

6.2.1.1 the name of the Employee;

6.2.1.2 the Award Date;

6.2.1.3 the number of Forfeitable Shares subject to an Award;

6.2.1.4 the Vesting Condition;

6.2.1.5 the Vesting Date and Vesting Period; and

6.2.1.6 any other relevant terms and conditions.

6.3 **Award of Forfeitable Shares**

6.3.1 An Award shall:

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

6.3.1.2 indicate that the Award will be deemed to have been accepted automatically by the Employee on the Award Date unless the Employee specifically rejects the Award in writing to the Company within five Business Days of the Award Date.

6.4 **Settlement of Awards**

6.4.1 Following the making of an Award of Forfeitable Shares, the Company or relevant Employer Company shall within 30 (thirty) days of the Award Date procure the Settlement of that number of Forfeitable Shares to the Participant (without deducting any costs or income tax at this point in time) in accordance with the Settlement methods described in Rule 6.4.2.

6.4.2 Any one of the following Settlement methods may be used, as directed by the RemCom:

6.4.2.1 The Company or relevant Employer Company will, if so instructed by the RemCom, 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. Where the Company incurs the costs in the form of the cash contribution in respect of Participants employed by another

Employer Company, the Company may recharge such costs to the relevant Employer Company in terms of the Recharge Policy; or 14.9(c)

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

6.4.2.3 The Company or relevant Employer Company by which that Participant is employed will, if so instructed by the RemCom incur an expense by making a cash contribution to any Subsidiary holding Shares in treasury account for Settlement to that Participant, which Subsidiary shall not be an Employer Company for the purposes of the FSP, on the basis that the Subsidiary will deliver the Shares to the Participant for and on behalf of the Company or relevant Employer Company, for the purpose of discharging the Company or relevant Employer Company's obligation to deliver Shares to Participants. Where the Company incurs the costs in the form of the cash contribution in respect of Participants employed by another Employer Company, the Company may recharge such costs to the relevant Employer Company in terms of the Recharge Policy. The cash contribution which the Company or relevant Employer Company shall make to the Subsidiary shall be either:

6.4.2.3.1 the market value per Share on the Settlement Date; or

6.4.2.3.2 the minimum value per Share as prescribed in the Act; or

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

6.4.2.4 The Company or relevant Employer Company will, if so instructed by the RemCom, incur an expense by making a cash contribution to a third party equal in value to the subscription price of the Shares concerned, on the basis that the third party will acquire the number of Shares required for the purpose of discharging such Employer Company's obligation to deliver Shares to Participants and effect Settlement to the Participant, by way of subscription for new Shares to be allotted and issued by the Company, for a subscription price per Share of either:

6.4.2.4.1 the market value per Share on the Settlement Date; or

6.4.2.4.2 the minimum value per Share as prescribed in the Act.

Where the Company incurs the costs in the form of the cash contribution in respect of Participants employed by another Employer Company, the Company may recharge such costs to the relevant Employer Company in terms of the Recharge Policy; or

6.4.2.5 The Company will, if so instructed by the RemCom, issue Shares to the Participants, and where such Participants are

employed by another Employer Company, it may recharge the related costs to the respective Employer Company in terms of the Recharge Policy.

- 6.4.3 The number of Forfeitable Shares delivered to the Participant in Settlement shall be that stipulated in the Award Letter irrespective of the cost to the Company or Employer Company.

7. **OWNERSHIP IN RESPECT OF FORFEITABLE SHARES AND PARTICIPANT'S RIGHTS BEFORE THE VESTING DATE**

- 7.1 Following the Settlement of an Award, the RemCom will procure that the Shares are held by the Escrow Agent for the absolute benefit of the Participants as owners of the Forfeitable Shares, but subject to the provisions of Rule 9. The Forfeitable Shares may not be disposed of or otherwise encumbered at any time from the date of their Settlement, up to and including the Vesting Date, except that on a Participant's death (as envisaged in Rule 9.6) his Forfeitable Shares may be transferred to the executor of his estate.
- 7.2 The Forfeitable Shares shall be subject to the control of the Escrow Agent acting on instructions from the Company from the Settlement Date up to and including the Vesting Date, whereafter the Company shall, subject to Rule 9, procure unrestricted delivery of the Forfeitable Shares to the Participant and shall procure the release of the Forfeitable Shares from the Escrow Agent.
- 7.3 Except for the restrictions envisaged in Rule 7.1, the Participant has all other shareholder rights, including voting and dividend rights, in respect of the

Forfeitable Shares from the Settlement Date. To the extent that the Participant does not exercise his rights as shareholder, they may not be exercised by the Escrow Agent. 14.1(e)

- 7.4 The Participant shall provide his Employer Company with, and the Participant shall consent to his Employer Company furnishing the Escrow Agent with, any information relating to the Participant's identification that the Escrow Agent may require in order to ensure compliance with the Financial Intelligence Centre Act, 2001 or any other applicable legislation.
- 7.5 The Participant shall, where required, enter into a written agreement with the Escrow Agent, in a form approved by the Employer Company, relating to the holding of the Forfeitable Shares by the Escrow Agent for the duration of the Vesting Period.
- 7.6 The Employer Company shall not be liable for any loss or damage arising from any act or omission of the Escrow Agent, any central securities depository participant ("CSDP") engaged by the Escrow Agent, any employee, director, or representative of the Escrow Agent or such CSDP in connection with or arising out of the holding of, or transacting in, the Forfeitable Shares.

8. **VESTING OF AWARDS**

- 8.1 Subject to Rules 9, 10 and 13.3, the Award of will Vest on the date or dates specified in the Award Letter to be the Vesting Date, provided the Vesting Condition specified in the Award Letter has been fulfilled.

8.2 The effect of an Award Vesting will be that the restrictions imposed on the Forfeitable Shares shall cease to apply and the risk of forfeiture will lift.

8.3 No amount will be payable by the Participant in respect of Forfeitable Shares on the Vesting Date. 14.1(d)(i)

9. **TERMINATION OF EMPLOYMENT AND DEATH** 14.1(h)

9.1 **Resignation or dismissal**

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

- (i) his resignation; or
- (ii) dismissal on grounds of misconduct, proven 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),

his Awards of Forfeitable Shares will be forfeited in its entirety and will lapse immediately on the Date of Termination of Employment. For the avoidance of doubt, any Awards of Forfeitable Shares which have already Vested will be unaffected by this provision.

9.1.2 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 on which he ceases to be an Employee of an Employer Company, he is employed by another company in the Group.

9.2 Death, Retirement, retrenchment, ill-health, injury, disability and sale of Employer Company

9.2.1 If a Participant's employment with any Employer Company terminates prior to the Vesting Date by reason of:

- (i) Retirement; or
- (ii) retrenchment, as determined in accordance with the Employer Company's policy; or
- (iii) ill-health, injury or disability, as determined to the satisfaction of the RemCom; or
- (iv) 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 of Forfeitable Shares shall Vest on the Date of Termination of Employment or as soon as reasonably possible thereafter. The portion of the Award which shall Vest will reflect the number of complete months served since the Award Date to the Date of Termination of Employment, over the total number of months in the Vesting Period.

9.3 To the extent that there is more than one Vesting Date and more than one Vesting Period in respect of a particular Award, the calculation set out in Rule 9.2.10 should be carried out in respect of each Vesting Period.

9.4 The portion of the Award that does not Vest will lapse on the Date of Termination of Employment.

9.5 For the avoidance of doubt, any Awards which have already Vested will be unaffected by this provision.

9.6 If a Participant's employment with any Employer Company terminates prior to the Vesting Date by reason of death, the awards will vest immediately.

9.7 **Other terminations and exceptional circumstances**

9.7.1 Subject to the RemCom determining otherwise in its absolute discretion, if the Participant ceases to be in the employment of any Employer Company before the Vesting Date for any other reason, a portion of his Award shall Vest on the Date of Termination of Employment or as soon as reasonably practicable thereafter. The portion of the Award which shall Vest will be calculated in accordance with Rule 9.2.1.

9.7.2 The portion of the Award that does not Vest shall lapse on the Date of Termination of Employment.

9.7.3 For the avoidance of doubt, any Awards which have already Vested will be unaffected by this provision.

10. **CHANGE OF CONTROL** ^{14.1(g)}

10.1 Subject to Rule 10.5, in the event of a Change of Control of the Company occurring before the Vesting Date which directly results in:

10.1.1 the Shares ceasing to be listed on the JSE or;

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

10.1.3 the FSP being terminated;

a portion of the Award held by a Participant will Vest on the Change of Control Date, or as soon as reasonably practicable thereafter. The portion of the Award which shall Vest will be calculated in accordance with Rule 10.2.

10.2 The portion of the Award which shall Vest will reflect the number of complete months served since the Award Date to the Change of Control Date, over the total number of months in the Vesting Period.

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

10.4 The portion of the Award that does not Vest on the Change of Control Date will, except on the termination of the FSP as envisaged in Rule 10.1.3, continue to be subject to the terms of the Award Letter relating thereto unless the RemCom determines that the terms of the Award Letter relating thereto

are no longer appropriate. In this case the RemCom shall make such adjustment to the number of Awards or convert Awards into awards in respect of shares in one or more other companies provided the Participants are no worse off. 14.3(a)

10.5 If there is an internal reconstruction or other event which does not involve:

10.5.1 any Change of Control; or

10.5.2 any change in the ultimate Control of the Company; or

10.5.3 a Change of Control which does not result directly in an event specified in Rules 10.1.1, 10.1.2 or 10.1.3; or

10.5.4 if any other event happens which may affect the Awards including the Shares ceasing to be listed on the JSE,

the Award held by a Participant shall not Vest as a consequence of that event and shall continue to be governed by the Rules of the FSP. However, the RemCom may take such action as it considers appropriate to protect the interests of Participants following the occurrence of such event, including converting Awards into awards in respect of shares in one or more other companies, provided the Participant is no worse off.

11. **VARIATION IN SHARE CAPITAL** 14.3(b), (c), (d) and (e)

11.1 **Capitalisation Issue, subdivision or consolidation of Shares, liquidation, etc**

11.1.1 In the event of a:

- (i) Capitalisation Issue; or
- (ii) a subdivision of Shares; or
- (iii) a consolidation of Shares; or
- (iv) the Company entering into a scheme of arrangement as contemplated in section 114 of the Act; or
- (v) the Company making distributions, including a distribution *in specie*, other than a dividend paid in the ordinary course of business out of the current year's retained earnings,

Participants shall continue to participate in the FSP. The RemCom may make such adjustment to the number of Forfeitable Shares comprised in the relevant Award or take such other action to place Participants in no worse a position than they were prior to the occurrence of the relevant event. Such adjustment should give the Participant an entitlement to an equivalent proportion of the equity capital of the Company as that to which he was entitled prior to the occurrence of the relevant event. 14.3(b)

11.2 The issue of Shares as consideration for an acquisition, and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to Awards. 14.3(c)

11.3 The Company shall notify the Participants of any adjustments which are made under Rule 11.1. Where necessary, in respect of any such adjustments, Auditors, acting as experts and not as arbitrators and whose

decision shall be final and binding on all persons affected thereby, shall confirm to the Company in writing that these are calculated on a non-prejudicial basis. 14.3(d)

11.4 The Auditors shall confirm in writing to the JSE whether those adjustments were calculated in accordance with the Rules. Any adjustments made will be reported in the Company's annual financial statements in the year during which the adjustments are made. 14.3(e)

11.5 **Rights Issue** 14.3(b)

11.5.1 In the event of a Rights Issue, a Participant shall, subject to approval by the JSE, be entitled to participate in any Rights Issue in respect of his Forfeitable Shares and any additional Shares subject to the Awards of Forfeitable Shares as a result of any event listed in Rule 11.1 above.

11.5.2 If a Rights Issue to the shareholders of the Company is proposed, the RemCom shall notify the Participants holding Awards of Forfeitable Shares of that Rights Issue in writing. The written notice shall specify:

11.5.2.1 the terms and conditions of the Rights Issue as contained in the letter of allocation accompanying the Rights Issue;

11.5.2.2 the number of Rights Issue Shares offered;

11.5.2.3 the price payable in respect of the Rights Issue Shares and any costs incidental to the purchase of the Rights Issue Shares, including securities transfer tax; and

- 11.5.2.4 the date by which the Participant should notify the RemCom if he intends to purchase the Rights Issue Shares;
- 11.5.3 If any Participant holding Awards of Forfeitable Shares intends to purchase the Rights Issue Shares he shall:
 - 11.5.3.1 notify the RemCom of his intention by the date specified in the notice sent to him in terms of Rule 11.5.2;
 - 11.5.3.2 simultaneously pay the full price in respect of the Rights Issue Shares and costs incidental to the purchase of the Rights Issue Shares, including securities transfer tax; and
 - 11.5.3.3 be deemed to have authorised the Escrow Agent to take all necessary steps and sign all documents to purchase the Rights Issue Shares for his benefit.
- 11.5.4 If the Participant fails to notify the RemCom of his or her intention to purchase the Rights Issue Shares by the date specified in the notice in terms of Rule 11.5.2 he shall be deemed to have waived his right to take up any Rights Issue Shares in terms of the Rights Issue. In this instance the Escrow Agent shall sell the rights pertaining to the Rights Issue on behalf of the Participant and remit such proceeds to such Participant.
- 11.5.5 The Rights Issue Shares will not be subject to any restrictions in terms of the FSP and shall Vest immediately upon acquisition in terms of the Rights Issue.

11.6 To the extent that the Participant is not permitted to participate in a Rights Issue, Rule 11.1 to 11.4 shall apply mutatis mutandis to Forfeitable Shares that have not Vested.

11.7 If the Company is placed into liquidation, an Award of Forfeitable Shares shall *ipso facto* lapse as from the Liquidation Date.

12. **FORFEITURE AND LAPSE OF AWARDS**

12.1 Notwithstanding any other provision of the Rules, an Award shall lapse on the earliest of:

12.1.1 The RemCom determining that any further condition imposed under Rule 6.2, in relation to Forfeitable Shares, has not been satisfied in respect of the Award and can no longer be satisfied;

12.1.2 Subject to Rule 9 and 10, the Date of Termination of Employment;

12.1.3 The Liquidation Date, in accordance with Rule 11.7; and

12.1.4 Any other date provided for under these Rules.

12.2 If Forfeitable Shares are forfeited under the FSP, the Company will: 14.9(b),

12.2.1 Use the Forfeitable Shares so forfeited for new Awards to Employees identified in terms of Rule 4; or

12.2.2 Instruct the Escrow Agent to sell or to procure the sale of any forfeited Forfeitable Shares on such terms as the Company, in its sole and absolute discretion, may consider appropriate.

- 12.3 From the date that Forfeitable Shares are forfeited in terms of Rule 12.1 until such time as the Forfeitable Shares are Settled to a new Participant in terms of Rule 12.2.1 or sold in terms of Rule 12.2.2, these Shares will not have their votes at general meetings or annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements and shall not be taken into account for the purposes of determining categorisations as detailed in section 9 of the JSE Listings Requirements. 14.10
- 12.4 Upon the sale referred to in Rule 12.2.2, the Company or Employer Company will retain the proceeds of any sale net of any deductions that may be owing to the Escrow Agent.
- 12.5 Subject to Rule 12.2 the Company may take such further steps in its sole and absolute discretion, it may consider appropriate to deal with the Forfeitable Shares which have been forfeited.

13. **FURTHER CONDITIONS**

- 13.1 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 Directors can direct that the Participants be paid a cash amount in lieu of Shares on the Vesting Date. A separate Country Schedule detailing the provisions in respect of such jurisdiction may be adopted in addition to, or instead of, paying a cash amount in lieu of Shares on the Vesting Date.
- 13.2 An Employer Company may withhold any amount required:

- 13.2.1 to meet any costs in respect of the Vesting of an Award of Forfeitable Shares for which the Participant is liable; or
- 13.2.2 for employees' tax,
from the Participant's remuneration or any other amount due by the Employer Company to the Participant.
- 13.3 The Employer Company will delay the Settlement or Vesting of the Award, whichever is appropriate, to the Participant if the acquisition or disposal of the Shares would otherwise:
 - 13.3.1 occur during a Prohibited Period; or
 - 13.3.2 be in contravention of any code adopted by the Company relating to dealings in securities by Directors; or
 - 13.3.3 be prohibited by insider trading legislation or any other legislation or regulations,
until such time as the Settlement or Vesting of the Award will no longer constitute such a contravention.
- 13.4 The rights of Participants under this FSP are determined exclusively by these Rules.
- 13.5 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:
 - 13.5.1 he ceased to be a Participant in the FSP; or

- 13.5.2 any of his rights or expectations under this FSP were reduced or lost.
- 13.6 Shares will only be issued or purchased once a Participant has been formally identified. 14.9(a)
- 13.7 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 FSP. 14.9(d)
- 13.8 The issue of shares to employees who do not fall under the Rules of this FSP will be treated as a specific issue for cash as contemplated in paragraph 5.51 of the JSE Listings Requirements. 14.11
- 13.9 Where a Participant is transferred from one Employer Company to another Employer Company:
- 13.9.1 all Awards granted to such Participant by the first Employer Company shall remain in force on the same terms and conditions as set out in these Rules; and
- 13.9.2 the second Employer Company shall assume a pro-rata portion of the first Employer Company's obligations in respect of the relevant Awards in consideration for obtaining the Participant's services from the first Employer Company.

14. **DISCLOSURE IN ANNUAL FINANCIAL STATEMENTS** 14.8

The Company shall disclose in its annual financial statements the number of Shares that may be utilised for purposes of the FSP at the beginning of the accounting period and changes in such number during the accounting period and

the balance of Shares available for utilisation for purposes of the FSP at the end of the accounting period.

15. **AMENDMENTS AND TERMINATION** 14.2

15.1 Subject to the provision of this Rule 15, the RemCom 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 Listings Requirements.

15.2 Except as provided in Rule 15.3 the provisions relating to: 14.2

15.2.1 eligibility to participate in the FSP; 14.1(a)

15.2.2 the number of Shares which may be utilised for the purpose of the FSP as envisaged in Rule 5.1; 14.1(b)

15.2.3 the limitations on benefits or maximum entitlements envisaged in Rule 5.2; 14.1(c)

15.2.4 the basis upon which Awards are made as stipulated in Rule 4.1.1; 14.1(f)

15.2.5 the amount payable upon the grant, Settlement or Vesting of an Award; 14.1(d)(i)

15.2.6 the voting, dividend, transfer and other rights attached to the Awards, including those arising on a liquidation of the Company; 14.1(e)

15.2.7 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);

15.2.8 the procedure to be adopted in respect of the Vesting of Awards in the event of termination of employment as envisaged in Rule 9; and 14.1(h)

15.2.9 the terms of this Rule 15.2, may not be amended without the prior approval of the JSE and by ordinary resolution of 75% (seventy five percentage) of shareholders of the Company present or by proxy, in general meeting, excluding all the votes attached to Forfeitable Shares and all Shares owned and controlled by persons who are existing Participants in the FSP and which have been acquired under the FSP.

15.3 Subject to Rule 15.2 the RemCom may make minor amendments for ease of the administration of the FSP, 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 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.

15.4 The RemCom may terminate the FSP at any time, but Awards granted before such termination will continue to be valid and as described in the provisions of the FSP.

16. **DOMICILIUM AND NOTICES**

16.1 The parties choose *domicilium citandi et executandi* for all purposes arising from this FSP, including, without limitation, the giving of any notice, the payment of any sum, the delivery of Shares, the serving of any process, as follows:

- 16.1.1 the Company, the company secretary and the RemCom: The address and telefax number of the registered office of the Company from time to time;
 - 16.1.2 Employer Company: The address and telefax number of the Registered Office of the Employer Company from time to time;
 - 16.1.3 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 relevant system from time to time.
- 16.2 Any of the above persons shall be entitled from time to time, by written notice to the other, to vary its *domicilium* to any other physical address within the Republic of South Africa and/or its facsimile number and/or (in the case of a Participant) his electronic address; provided in the case of a Participant such variation is also made to his details on the Employer Company's payroll system.
- 16.3 Any notice given and any delivery or payment made by any of the above persons to any other which:
- 16.3.1 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;

- 16.3.2 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;
- 16.3.3 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.
- 16.4 Any notice given that 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, shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the date of successful transmission thereof.
- 16.5 Any notice or other document given to any Participant pursuant to the FSP 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 if sent by post.
- 16.6 Any notice or document given to the Employer Company pursuant to the FSP may be delivered to it or sent by post to its registered office marked

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

17. **DISPUTES**

17.1 Any dispute arising under the FSP shall be decided by arbitration in the manner set out in Rule 17.

17.2 The arbitration shall be held subject to the provisions of this FSP:

17.2.1 at Durban;

17.2.2 informally;

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

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

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

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

- 17.3.2 primarily a legal matter, a practising senior counsel or attorney with no less than 15 (fifteen) years standing agreed upon between the parties. In the event that the parties cannot agree within 7 (seven) Business Days, a practising attorney nominated by the President for time being of the Law Society of Kwazulu-Natal;
- 17.3.3 any other matter, an independent person agreed upon between the parties.
- 17.4 An aggrieved party may appeal against the arbitration award within 10 (ten) Business Days after receipt of the arbitration award by lodging a notice of appeal with the other party.
- 17.5 Where an appeal is made, 2 (two) practising senior counsel of at least 15 (fifteen) years standing shall be appointed as chairpersons of the appeal. If the parties are unable to agree on the chairpersons for the appeal the provisions of Rule 17.3 shall *mutatis mutandis* apply with the changes required by the context. The chairpersons shall meet the parties within 7 (seven) Business Days after their appointment to determine the procedure for the appeal.

18. **GOVERNING LAW**

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

This FSP was duly adopted at a shareholders meeting of Grindrod Limited held at **[insert]** on **[insert]**, the Rules of the FSP 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

Chairman of the General Meeting