

DEED OF TRUST OF THE ITALTILE STAFF SHARE SCHEME TRUST

between

ITALTILE LIMITED

and

GIOVANNI ALBERTO MARIO RAVAZZOTTI

(Identity Number 430625 5024 082)

("Trustee")

and

SUSANNA MARIA DU TOIT

(Identity Number 730303 0059 084)

("Trustee")



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between

ITALTILE LIMITED

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SUSANNA MARIA DU TOIT

PART I – DEFINITIONS AND INTRODUCTION

1 DEFINITIONS

1.1 In this Trust Deed, the following words shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words) shall bear corresponding meanings –

1.1.1 "**Acceptance Notice**" - a written notice of acceptance delivered by an Offeree to the Trustees during the Offer Period (irrespective of whether such Acceptance Notice is delivered prior to, on or after the Allocation Date), in terms of which such Offeree accepts the Offer made to him/her substantially in the form set out in Schedule 2 to the Scheme Rules (*Form of Acceptance Notice*);

1.1.2 "**Allocation Date**" - in respect of the Units forming the subject matter of an Offer, the date upon which such Units are allocated to the relevant Offeree which shall be 31 March of the calendar year in respect of which such Offer was made by the Trustees to the relevant Offeree, provided that such Offeree has delivered an Acceptance Notice in respect of such Offer to the Trustees within the Offer Period;

- 1.1.3 **"Amalgamation or Merger"** - shall bear the meaning ascribed to it in the Companies Act; [LR.14.1(g)]
- 1.1.4 **"Applicable Law"** - includes all statutes, subordinate legislation, common law, regulations, ordinances, by-laws, directives, codes of practice, circulars, guidance or practice notices, judgments, decisions, standards and similar provisions -
- 1.1.4.1 which are prescribed, adopted, made, published or enforced by any Relevant Authority; and
- 1.1.4.2 compliance with which is (or was or will be, at the relevant time referred to in this Trust Deed) mandatory for a Person;
- 1.1.5 **"Annual Financial Statements"** - the consolidated audited annual financial statements of the Founder for a Financial Year;
- 1.1.6 **"Auditors"** - the independent auditors appointed by the Founder from time to time;
- 1.1.7 **"B-BBEE"** - Broad-Based Black Economic Empowerment;
- 1.1.8 **"B-BBEE Act"** - Broad-Based Black Economic Empowerment Act No. 53 of 2003;
- 1.1.9 **"B-BBEE Codes"** - the Codes of Good Practice on Broad-Based Black Economic Empowerment issued under section 9(1) of the B-BBEE Act from time to time, including any applicable Sector Code;
- 1.1.10 **"B-BBEE Ownership Certificate of Compliance"** - the certificate (in respect of the ownership element of the B-BBEE Codes) issued by a B-BBEE verification agency accredited by the South African National Accreditation System or an Entity approved to accredit verification agents (or issued by another suitable Person) appointed by the Trustees from time to time;
- 1.1.11 **"B-BBEE Legislation"** - collectively, the B-BBEE Act and the B-BBEE Codes;
- 1.1.12 **"BCEA"** - the Basic Conditions of Employment Act No. 75 of 1997;

- 1.1.13 **"Black People"** - shall have the meaning set out in the B-BBEE Codes and **"Black"** shall have a corresponding meaning;
- 1.1.14 **"Board"** - the board of directors of the Founder from time to time;
- 1.1.15 **"Business Day"** - any day other than a Saturday, Sunday or gazetted national public holiday in the Republic of South Africa;
- 1.1.16 **"Category 1 Existing Eligible Employee"** - any Permanent Employee who is employed with a Founder Group Company for a continuous and uninterrupted (other than due to any period of absence provided for in the BCEA) period of not less than 36 months prior to 31 August 2021 but specifically excluding any Permanent Employee who -
- 1.1.16.1 has, at any time, whether prior to or after the establishment of the Trust, participated in, or benefitted from, any share incentive trust or any other share incentive scheme of whatsoever nature of any Founder Group Company;
- 1.1.16.2 is a Trustee, a member of the Board or a member of the Remuneration Committee, as the case may be, on the date that such person is identified by the Remuneration Committee as an Offeree;
- 1.1.16.3 is, whether directly or indirectly, a shareholder of any Founder Group Company, other than the Founder;
- 1.1.16.4 is the spouse of a shareholder of any Founder Group Company, other than the Founder;
- 1.1.16.5 is a fixed-term employee, independent contractor, consultant, service contractor, temporary contract holder (including any person employed by a labour broker/temporary employment service and rendering services to any Founder Group Company); or
- 1.1.16.6 is a spouse or other relative of a person who has participated in, or benefitted from, the scheme embodied in the second amended and restated deed of trust in respect of the Empowerment Trust;

- 1.1.17 **"Category 2 Existing Eligible Employee"** - any Permanent Employee who is employed with a Founder Group Company for a continuous and uninterrupted (other than due to any period of absence provided for in the BCEA) period of not less than 36 months prior to 31 August 2022 but specifically excluding any Permanent Employee who -
- 1.1.17.1 has, at any time, whether prior to or after the establishment of the Trust, participated in, or benefitted from, any share incentive trust or any other share incentive scheme of whatsoever nature of any Founder Group Company;
- 1.1.17.2 is a Trustee, a member of the Board or a member of the Remuneration Committee, as the case may be, on the date that such person is identified by the Remuneration Committee as an Offeree;
- 1.1.17.3 is, whether directly or indirectly, a shareholder of any Founder Group Company, other than the Founder;
- 1.1.17.4 is the spouse of a shareholder of any Founder Group Company, other than the Founder;
- 1.1.17.5 is a fixed-term employee, independent contractor, consultant, service contractor, temporary contract holder (including any person employed by a labour broker/temporary employment service and rendering services to any Founder Group Company); or
- 1.1.17.6 is a spouse or other relative of a person who has participated in, or benefitted from, the scheme embodied in the second amended and restated deed of trust in respect of the Empowerment Trust;
- 1.1.18 **"Companies Act"** - the Companies Act, No. 71 of 2008;
- 1.1.19 **"Directive Notice"** - shall bear the meaning ascribed thereto in paragraph 2.2 of the Scheme Rules;
- 1.1.20 **"Dispose"** or **"Sell"** - temporarily or permanently sell, transfer, cede, make over, give, donate, exchange, dispose of, unbundle, distribute or otherwise alienate, or enter into any agreement or arrangement or transaction whatsoever or incur any obligation to do any of the foregoing which has or will

have substantially the same effect as any of the foregoing, or realise any value in respect of, and "**Disposal**" or "**Sale**" shall be construed accordingly;

- 1.1.21 "**Distribution**" - shall bear the meaning ascribed to it in the Companies Act;
- 1.1.22 "**Dividend Income**" - all and any Distributions received by the Trust in respect of the Trust Shares from time to time;
- 1.1.23 "**Economic Interest**" - "Economic Interest", as defined in the B-BBEE Codes;
- 1.1.24 "**Electronic Communication**" - shall bear the meaning ascribed to it in the Companies Act;
- 1.1.25 "**Eligible Person**" - collectively, a Category 1 Existing Eligible Employee, a Category 2 Existing Eligible Employee and a New Eligible Employee;
[LR14.1(a)]
- 1.1.26 "**Employee Share Ownership Programme**" - an Employee Share Ownership Programme which meets the rules set out in Annexure 100(C) of the B-BBEE Codes;
- 1.1.27 "**Empowerment Trust**" - the Italtile Empowerment Trust (Masters Reference Number IT 8366/07), a trust duly established in accordance with the provisions of the Trust Act;
- 1.1.28 "**Empowerment Trust Shares**" - Founder Shares held by, and registered in the name of, the Empowerment Trust from time to time, which shall not exceed 12 000 000 Founder Shares;
- 1.1.29 "**Entity**" or "**Person**" - includes any natural or juristic person, association, business, close corporation, company, concern, enterprise, firm, partnership, joint venture, trust, undertaking, voluntary association, body corporate, and any similar entity, in any jurisdiction;
- 1.1.30 "**Financial Markets Act**" - the Financial Markets Act No. 19 of 2012;
- 1.1.31 "**Financial Year**" - the period commencing on 1 July and ending on 30 June each year;

- 1.1.32 **"Forfeiture"** - the forfeiture of a Unit as contemplated in paragraph 6 of the Scheme Rules, and **"Forfeited"** will have a corresponding meaning;
- 1.1.33 **"Founder"** - Italtile Limited, registration number 1955/000558/06, a public company as defined in the Companies Act and listed on the JSE;
- 1.1.34 **"Founder Group"** - the group comprising the Founder and its subsidiaries, from time to time, as well as each franchisee of any subsidiaries of the Founder (**"Franchisee"**), from time to time, and **"Founder Group Company"** or **"Member of the Founder Group"** means any one of them, as the context may require;
- 1.1.35 **"Founder Share"** - an ordinary share of no par value in the Founder;
- 1.1.36 **"Founder Trustee"** - a Trustee appointed by the Founder in terms of 7.1.3;
- 1.1.37 **"Good Leaver Trigger Event"** - shall bear the meaning ascribed to it in paragraph 7.2 of the Scheme Rules;
- 1.1.38 **"Historical Cost Value"** - the historical cost price per Empowerment Trust Share acquired by the Empowerment Trust from a participant of the Empowerment Trust, as determined from the written records of the Empowerment Trust;
- 1.1.39 **"Income Tax Act"** - the Income Tax Act, No. 58 of 1962;
- 1.1.40 **"Initial Period"** - the period prior to the election of the two Participant Trustees and those Participant Trustees being authorised to act as such by the Master in terms of the issue of Letters of Authority to that effect;
- 1.1.41 **"Initial Trustees"** - the Trustees identified on the cover page of this Trust Deed;
- 1.1.42 **"Italtile Ceramics"** - Italtile Ceramics Proprietary Limited, registration number 1981/007176/07, a private company as defined in the Companies Act, and a wholly-owned subsidiary of the Founder;

- 1.1.43 "JSE" - the JSE Limited, registration number 2005/022939/06, a public company as defined in the Companies Act, licensed as an exchange under the Financial Markets Act;
- 1.1.44 "**JSE Listings Requirements**" - the JSE Listings Requirements, as amended or replaced from time to time;
- 1.1.45 "**Letters of Authority**" - letters of authority contemplated in section 6(1) of the Trust Act;
- 1.1.46 "**Market Value**" - means, –
- 1.1.46.1 for the purposes of 6.2.1, the market price per Trust Share equal to the volume weighted average price at which the Founder Shares traded on the JSE for the 30 (thirty) Business Days immediately preceding the Termination Date; and
- 1.1.46.2 for the purposes of 13.1.2 and 13.1.3, the market price per Trust Share (to be acquired in order to fulfil an Offer) equal to the volume weighted average price at which the Founder Shares traded on the JSE for the 30 (thirty) Business Days immediately preceding the date of delivery of the Offer Notice;
- 1.1.47 "**Master**" – the Master as defined in the Trust Act;
- 1.1.48 "**New Eligible Employee**" - any Permanent Employee who is employed with a Founder Group Company for any continuous and uninterrupted (other than due to any period of absence provided for in the BCEA) period of not less than 36 months after 31 August 2020, but specifically excluding any Permanent Employee who –
- 1.1.48.1 has, at any time, whether prior to or after the establishment of the Trust, participated in, or benefitted from, any share incentive trust or any other share incentive scheme of whatsoever nature of any Founder Group Company;
- 1.1.48.2 is a Trustee, a member of the Board or a member of the Remuneration Committee, as the case may be, on the date that such Person is identified by the Remuneration Committee as an Offeree;

- 1.1.48.3 is, whether directly or indirectly, a shareholder of any Founder Group Company, other than the Founder;
- 1.1.48.4 is the spouse of a shareholder of any Founder Group Company, other than the Founder;
- 1.1.48.5 is a fixed-term employee, independent contractor, consultant, service contractor, temporary contract holder (including any Person employed by a labour broker/temporary employment service and rendering services to any Founder Group Company); or
- 1.1.48.6 is a spouse or other relative of a Person who has participated in, or benefitted from, the scheme embodied in the second amended and restated deed of trust in respect of the Empowerment Trust;
- 1.1.49 "**Notices**" - comprise of, in relation to each Participant, the Offer Notice, the Acceptance Notice, the Redemption Notice and the Request Notice (if applicable);
- 1.1.50 "**Offer**" - an offer made by the Trustees to an Offeree, pursuant to a Directive Notice received by the Trustees from the Remuneration Committee, in terms of which such Offeree will be allocated such number of Units as specified in the relevant Offer Notice, and as determined in accordance with the provisions of paragraph 2.6 of the Scheme Rules, for no consideration, provided that the Offeree has timeously delivered an Acceptance Notice to the Trustees, it being recorded that the number of Units allocated to an Offeree in terms of such Offer will, at all times, be linked to an equal number of Trust Shares held by the Trust; **[LR14.1(d)(i)]**
- 1.1.51 "**Offeree**" - an Eligible Person identified by the Remuneration Committee, on the advice of the Founder Group Company who employs such Eligible Person, and to whom the Trustees have, pursuant to a Directive Notice, been directed to make an Offer for the purposes of such Eligible Person participating in the Scheme embodied in this Trust Deed; **[LR14.1(a)]**
- 1.1.52 "**Offer Notice**" - the written notice setting out the Offer substantially in the form set out in **Schedule 1** to the Scheme Rules (*Form of Offer Notice*);

- 1.1.53 **"Offer Period"** - shall bear the meaning ascribed thereto in paragraph 2.4 of the Scheme Rules;
- 1.1.54 **"Participant"** - an Offeree who has timeously delivered an Acceptance Notice to the Trustees and to whom Units have been allocated, and whose Units have not been Forfeited and/or Redeemed in terms of this Trust Deed and/or the Scheme Rules, as the case may be. It being recorded that the Trustees shall have no discretion in relation to the allocation of Units to each Participant. A reference to a Participant will include, where required by the context, such Participant's executor, curator or successors; **[LR14.1(a)]**
- 1.1.55 **"Participant Trustee"** - a Trustee appointed by the Participants in terms of 7.3;
- 1.1.56 **"Permanent Employee"** - a permanently appointed employee who is employed by a Founder Group Company to perform work on not less than five days per week, and who performs not less than 45 hours of work per week;
- 1.1.57 **"Prohibited Period"** - has the meaning ascribed thereto in the JSE Listings Requirements;
- 1.1.58 **"Public Benefit Activities"** -
- 1.1.58.1 any of the public benefit activities described in Part II of the Ninth Schedule to the Income Tax Act; and
- 1.1.58.2 the provision of funds, assets, services or other resources by way of donation to an existing public benefit organisation which has been approved as such in terms of section 30(3) of the Income Tax Act and which carries on one or more public benefit activities contemplated in Part Two of the Ninth Schedule to the Income Tax Act;
- 1.1.59 **"Redeemable"** - Units capable of being Redeemed in accordance with this Trust Deed;
- 1.1.60 **"Redemption"** - the redemption of a Unit as contemplated in paragraph 7.2 of the Scheme Rules or paragraph 8 of the Scheme Rules, whichever is applicable, and **"Redeemed"**, **"Redeem"** and other cognate terms shall be construed accordingly;

- 1.1.61 **"Redemption Notice"** - a written notice delivered by the Trustees to the relevant Participant, in substantially the form set out in Schedule 3 to the Scheme Rules (*Form of Redemption Notice*), which notice shall contain the information and instructions set out in paragraph 8.1.1 of the Scheme Rules;
- 1.1.62 **"Register of Participants"** - the written register of Participants established and maintained in terms of 19;
- 1.1.63 **"Relevant Authority"** - any competent court or regulatory or other authority, or any local, provincial or national governmental authority, body or department or any inter-governmental or supra-national organisation or any self-regulatory authority, body or organisation;
- 1.1.64 **"Remuneration Committee"** - the remuneration committee of the Founder, being a sub-committee of the Board;
- 1.1.65 **"Request Notice"** - a written notice delivered by the relevant Participant to the Trustees, in substantially the form set out in Schedule 4 to the Scheme Rules (*Form of Request Notice*), in terms of which such Participant *inter alia* (i) acknowledges receipt of the Redemption Notice, (ii) authorises and instructs the Trustees, acting for and on behalf of such Participant, to Dispose of the Trust Shares linked to the Vested Units through the market or, to the extent that the Trustees have been directed by the Board in writing after receipt of the Request Notice, to Dispose of such Trust Shares to Italtile Ceramics, then to Italtile Ceramics for a price equal to the Market Value thereof (as such term is defined in the Scheme Rules), and (iii) acknowledges and accepts that the cash proceeds realised pursuant to such Disposal, less all applicable Taxes which are payable arising from the Redemption of the Vested Units and which the Trustees are obliged to account for, withhold or deduct, as a result of such Redemption, will be paid by the Trust to such Participant;
- 1.1.66 **"Retention Award"** - the cash amount advised by the Board to the Trustees to be contributed by the relevant Founder Group Company, on a non-refundable basis, to the Trust which cash amount shall, in accordance with the provisions of paragraph 2.5 of the Scheme Rules, be utilised by the Trustees to acquire the Trust Shares forming the subject matter of the Offer;

- 1.1.67 **"Retention Period"** - means -
- 1.1.67.1 in respect of a Category 1 Existing Eligible Employee who becomes a Participant, the period commencing on the Allocation Date and enduring until the second anniversary thereof, during which the Participant concerned must remain in the employ of the Founder Group Company which employed him in order for his Units to vest and become Redeemable; and
- 1.1.67.2 in respect of a Category 2 Existing Eligible Employee or a New Eligible Employee, as the case may be, who becomes a Participant, the period commencing on the Allocation Date and enduring until the third anniversary thereof, during which the Participant concerned must remain in the employ of the Founder Group Company which employed him in order for his Units to vest and become Redeemable;
- 1.1.68 **"Retirement"** - retirement in accordance with any pension scheme of any Founder Group Company from time to time in force;
- 1.1.69 **"Scheme Rules"** - the rules of the scheme as contemplated in this Trust Deed substantially in the form of Annexure A hereto, adopted and amended from time to time by the Board and the Trustees in accordance with 29.2.8 and which shall be available to all Participants;
- 1.1.70 **"Sector Code"** - a code which is applicable to a particular sector and is gazetted in accordance with Code Series 000-Statement 003 of the B-BBEE Codes, under Section 9 of the B-BBEE Act;
- 1.1.71 **"Takeover"** - in relation to the Founder, where a Person acting alone or 2 (two) or more Persons acting in concert -
- 1.1.71.1 has/have acquired a beneficial interest in voting rights attached to the issued Founder Shares;
- 1.1.71.2 as a result of such acquisition, such Person/s is/are able to exercise, or cause to be exercised, at least the specified percentage of all the voting rights attached to the issued Founder Shares; and

1.1.71.3 prior to such acquisition such Person/s was/were able to exercise, or cause to be exercised, less than the specified percentage of all the voting rights attached to the issued Founder Shares;

For the purposes of this 1.1.71, the expression "specified percentage" shall bear the meaning assigned to it from time to time in the Takeover Regulations as read with the Companies Act, presently being 35% (thirty five percent);
[LR14.1(g)]

1.1.72 "**Takeover Regulations**" - shall bear the meaning ascribed to it in the Companies Act;

1.1.73 "**Tax**" (including the words "**Taxes**") - any tax including but not limited to income tax, capital gains tax, employees tax (including PAYE, UIF and skills development levies), VAT, sales tax, donations tax, dividend withholding tax, royalty and interest withholding tax, stamp duty, securities transfer tax, customs duty, and any interest or penalties as a result of any such tax;

1.1.74 "**Trust**" - the Italtile Staff Share Scheme Trust;

1.1.75 "**Trust Act**" - the Trust Property Control Act No. 57 of 1988;

1.1.76 "**Trust Deed**" - this trust deed together with all of its annexures, including the Scheme Rules, as amended from time to time;

1.1.77 "**Trustees**" - the trustees in office from time to time;

1.1.78 "**Trust Interest**" - any rights of a Participant to participate in the income and capital of the Trust, expressed as a percentage (determined by dividing the number of Units allocated to a Participant by the total number of Units allocated to all Participants);

1.1.79 "**Trust Objects**" - the object and purpose for which the Trust is created, as set out in 3;

1.1.80 "**Trust Shares**" - the Founder Shares acquired by the Trustees from time to time in accordance with the provisions of this Trust Deed, held by, and registered in the name of, the Trust from time to time;

- 1.1.81 **"Unallocated Trust Shares"** - those Trust Shares, if any, in respect of which the Units have been Forfeited, and as a consequence thereof are no longer linked to any Units allocated to Participants; and
- 1.1.82 **"Units"** - the notional units used as a mechanism to establish the respective Trust Interest of a Participant bearing the rights and privileges set out in paragraph 3 of the Scheme Rules, and as created by the Trustees in terms of the Trust Deed, and in accordance with the instructions of the Board, used exclusively as a mechanism to establish the respective vested rights of the Participant concerned, it being recorded that (i) there shall always be at least as many Trust Shares as there are allocated Units, i.e. each Unit allocated to a Participant will be linked to a Trust Share, and (ii) a Unit has no separate existence.
- 1.2 In this Trust Deed –
- 1.2.1 any reference to the **"parties to this Trust Deed"** shall be a reference, collectively, to the Founder, the Trustees, each member of the Board, each member of the Remuneration Committee and the Participants, notwithstanding that any one or more of these Persons may not be signatories to this Trust Deed, and **"party to this Trust Deed"** shall mean any one of them, as the context may indicate;
- 1.2.2 references to a statutory provision include any subordinate legislation made from time to time under that provision and include that provision as amended, modified or re-enacted from time to time;
- 1.2.3 words importing the masculine gender include the feminine and neuter genders and *vice versa*; the singular includes the plural and *vice versa*;
- 1.2.4 no consent or approval in terms of or in connection with this Trust Deed shall be valid or effective unless in writing and signed by or on behalf of the relevant Person giving such consent or approval;
- 1.2.5 to the extent that any Eligible Person, Offeree, or Participant is required to provide any form of acceptance, request, instruction or notice to the Trustees in terms of this Trust Deed, then in such instance, such Person shall be entitled to provide the Trustees with such acceptance, request, instruction or notice, as the case may be, by means of Electronic Communication through any

Electronic Communication facility so employed and/or utilised by the Trustees for the purposes of managing the Trust;

- 1.2.6 references to a "subsidiary" and "holding company" shall be references to a subsidiary and a holding company as defined in the Companies Act, provided that such definitions shall include companies not incorporated under the Companies Act;
- 1.2.7 any definition, wherever it appears in this Trust Deed, shall bear the same meaning and apply throughout this Trust Deed unless otherwise stated or inconsistent with the context in which it appears;
- 1.2.8 where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which event the last day shall be the next succeeding Business Day;
- 1.2.9 where the day upon or by which any act is required to be performed is not a Business Day, the parties shall be deemed to have intended such act to be performed upon or by the next succeeding Business Day;
- 1.2.10 any provision in this Trust Deed which is or may become illegal, invalid or unenforceable in any jurisdiction affected by this Trust Deed shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be treated as having not been written (i.e. *pro non scripto*) and severed from the balance of this Trust Deed, without invalidating the remaining provisions of this Trust Deed or affecting the validity or enforceability of such provision in any other jurisdiction; and
- 1.2.11 the rule of construction that if general words or terms are used in association with specific words or terms which are a species of a particular genus or class, the meaning of the general words or terms shall be restricted to that same class (i.e. the *eiusdem generis* rule) shall not apply, and whenever the word "including" is used followed by specific examples, such examples shall not be interpreted so as to limit the meaning of any word or term to the same genus or class as the examples given.

2 INTRODUCTION

The Founder wishes to establish the Trust to acquire and own the Trust Shares for purposes of Trust Interests to be awarded to Participants as reflected by the allocation of Units on the instruction of the Remuneration Committee.

PART II – THE TRUST

3 OBJECTS OF THE TRUST

3.1 The object and the purpose of the Trust shall be to implement the scheme as contemplated in this Trust Deed, being to -

3.1.1 acquire, hold and Sell, as contemplated in this Trust Deed, the Trust Shares, for the benefit of the Participants;

3.1.2 distribute income and dividends to the Participants;

3.1.3 enable the Participants to share in the capital growth and/or income of the Founder Group;

3.1.4 facilitate the economic empowerment of the Participants;

3.1.5 provide an incentive to the Participants to encourage and align their interests with the interests of the Founder Group; and

3.1.6 recognise, reward and retain employees within the Founder Group,

(collectively, the "**Trust Objects**").

3.2 The achievement of the Trust Objects will facilitate the B-BBEE ownership transformational objectives of the Founder Group.

4 NAME AND ESTABLISHMENT

4.1 The Founder and the Trustees hereby establish the Trust under the name of the Italtile Staff Share Scheme Trust for the purposes of giving effect to the Trust Objects.

- 4.2 The Founder agrees to contribute to the Trust, immediately upon the issue of Letters of Authority in terms of the Trust Act to the Trustees, the sum of R1 000.00 which will be held by the Trustees and utilised for purposes of giving effect to the Trust Objects. Such contribution will be non-refundable.
- 4.3 The Trust is a body corporate and shall, in terms of the Trust Act, have an identity and existence separate from the Trustees. The Trust shall have perpetual succession (notwithstanding any changes in the composition of the Trustees or the Participants).
- 4.4 The Trust will be capable in law, in its own name, of suing and being sued and of borrowing monies, and acquiring and, subject to the Trust Deed, Selling the Trust Shares, and will possess all powers reasonably necessary for the due and proper administration of the Trust.
- 4.5 A power of attorney signed by any one of the duly authorised Trustees will be sufficient authority to the person or persons named in such power of attorney to institute or defend legal proceedings on behalf of the Trust.

5 EMPLOYEE SHARE OWNERSHIP PROGRAMME

- 5.1 The Trustees shall ensure that the Trust operates as an Employee Share Ownership Programme which meets the rules set out in Annexure 100(C) of the B-BBEE Codes for Employee Share Ownership Programmes and, in doing so, among other things, undertakes to ensure that -
- 5.1.1 this Trust Deed always records the rules governing any portion of Economic Interest received and reserved by the Trust for future distributions to the Participants;
- 5.1.2 this Trust Deed always defines the Participants and the proportion of their claims to receive distributions from the Trust;
- 5.1.3 a Register of Participants is kept, which records the details of all distributions made to the Participants by the Trust, as well as *inter alia* the racial and gender profile of, the Participants;
- 5.1.4 at least 50% of the Trustees will be elected by the Participants;

- 5.1.5 the Trustees will have no discretion to change Participants or to determine the extent of any distributions to be made by the Trust to Participants and the Trustees will be obliged to strictly apply the provisions of this Trust Deed and the Scheme Rules that governs the making of distributions by the Trust to Participants;
- 5.1.6 Participants will partake in the management of the scheme embodied in this Trust Deed and the Scheme Rules in a similar fashion as shareholders of a company;
- 5.1.7 this Trust Deed and any other statutory documentation of the Trust which is required by the B-BBEE Codes to be disclosed to Participants will be available, on request, to any Participant in an official language with which that person is familiar;
- 5.1.8 an annual general meeting of the Participants will be held within 5 months of completion and audit of the annual financial statements in respect of the Trust to present those financial statements to the Participants;
- 5.1.9 the Register of Participants and supporting documentation will be made available to be perused by any verification agency that requests supporting documentation regarding the Participants of the Trust in order to perform a verification and/or issue a B-BBEE Ownership Certificate of Compliance; and
- 5.1.10 on winding-up or termination of the Trust, all accumulated Economic Interest (as such term is defined in the B-BBEE Codes) will be dealt with in accordance with 6.

6 TERMINATION OF THE TRUST

- 6.1 The Trust shall exist indefinitely and shall terminate on the date upon which the Trustees and the Board shall agree that the Trust Objects have been substantially achieved ("**Termination Date**").
- 6.2 Upon termination of the Trust in accordance with the provisions of 6.1, the following interdependent steps shall be implemented in the order set out below -
- 6.2.1 subject to the JSE Listings Requirements, the Companies Act and all other Applicable Law at the time, the Trustees shall Dispose of all of the Trust Shares

held by, and registered in the name of, the Trust (irrespective of whether such Trust Shares are linked to Units or are Unallocated Trust Shares) through the market or otherwise unless the Board specifically directs the Trustees, in writing, to Dispose of such Trust Shares to Italtile Ceramics for an amount equal to the Market Value thereof, in which case such Trust Shares held by, and registered in the name of, the Trust shall be sold by the Trustees to Italtile Ceramics for the Market Value thereof;

6.2.2 the Trustees shall utilise the actual proceeds received by the Trust from the Disposal referred to in 6.2.1 to (i) settle, in full, all outstanding liabilities of the Trust (including the repayment of any loans advanced by the Founder or any other Founder Group Company to the Trust as well as any Tax liabilities which the Trustees are obliged to account for (including but not limited to Taxes which the Trustees are obliged to withhold or deduct in respect of any Taxes arising from the Redemption of the Units allocated to Participants and any benefits otherwise accruing to the Participants pursuant to the implementation of the provisions of this 6)), and (ii) fully, finally and completely discharge all costs, expenses and disbursements incurred in connection with the affairs and administration of the Trust;

6.2.3 subject to Applicable Law, the Trustees shall vest and distribute the net capital proceeds (after realisation of all assets, including the Trust Shares, and the payment of all liabilities, costs, expenses and disbursements) to each Participant reflected in the Register of Participants, as at the Termination Date, in proportion to such Participant's Trust Interest, as at the Termination Date; and

6.2.4 on payment of the proceeds to the Participants as contemplated in 6.2.3, all allocated Units held by Participants shall forthwith be Redeemed and will be cancelled. The Participants will have no further rights or claims whatsoever in respect of such Units.

6.3 If, and to the extent that, there are no Participants on the Termination Date, then in such instance only, and after having implemented the steps contemplated in 6.2.1 and 6.2.2, respectively, the Trustees shall vest and distribute the remaining surplus in the Trust to a public benefit organisation which has been approved in terms of section 30(3) of the Income Tax Act, on the basis that -

- 6.3.1 such public benefit organisation must have the same or better Black ownership credentials as that of the Trust;
- 6.3.2 such public benefit organisation will be required to use the remaining surplus solely for purposes of carrying on one or more Public Benefit Activities; and
- 6.3.3 such public benefit organisation must be approved by the Board.

PART III –TRUSTEES

7 APPOINTMENT OF TRUSTEES

7.1 Number of Trustees and appointment

- 7.1.1 Save for the period prior to the nomination and election of the Participant Trustees in terms of 7.3 and subject to 7.1.7, there shall at all times be four Trustees in office.
- 7.1.2 Recognising that this may not at all times be possible due to resignations or other actions or events which alter the composition of the Trustees from time to time, and without restricting the rights of the Trustees under this Trust Deed, it is acknowledged that the intention for the Trust is for its Trustees to accord with the compositional requirements under the B-BBEE Legislation, which at present, requires that at least 50% of the Trustees shall be Participant Trustees.
- 7.1.3 Subject to the provisions of 7.5, the Founder shall be entitled to appoint two of the Trustees (each, a "**Founder Trustee**"), provided that the Founder shall not be entitled to appoint more than 50% of the Trustees.
- 7.1.4 Subject to the provisions of 7.3.3 and 7.5, the Participants shall elect two of the Trustees in accordance with the provisions of 7.3 below.
- 7.1.5 Accordingly, the Participants shall at all times be entitled to elect 50% of the Trustees, with the Founder being entitled to appoint the remaining Trustees.
- 7.1.6 No Trustee shall be entitled to exercise any powers accorded to a Trustee in terms of this Trust Deed until such Trustee has received Letters of Authority in terms of the Trust Act.

7.1.7 In the event that the number of Trustees in office at a particular time is reduced to below four, the remainder of the Trustees may proceed and act as Trustees with all the powers of the Trustees until such time as the vacancy has been filled in accordance with the terms of this Trust Deed.

7.1.8 No Trustee shall have the right during his lifetime or by last will to appoint his successor or an alternative person to serve as Trustee in his/her place and stead.

7.1.9 In order to be appointed as a Trustee, such Person shall be required to possess such suitable legal, accounting, financial, commercial or business acumen as is required in order for such Person to be able to suitably discharge the duties and responsibilities of the office of Trustee and for such Person to participate in the deliberative and decision-making processes of the Trustees in a sound and pragmatic manner.

7.2 **Appointment by the Founder**

7.2.1 It is recorded that the Initial Trustees have been appointed by the Founder and are Founder Trustees.

7.2.2 The appointment of a Trustee by the Founder will take place by way of the delivery of a written notice to that effect by the Founder to the Trustees.

7.2.3 The Founder may, by way of written notice to a Founder Trustee, terminate the appointment of the Founder Trustee and replace him/her with the appointment of a new Founder Trustee.

7.2.4 The Founder may, by way of written notice to the Trustees, appoint a new Founder Trustee in place of a Founder Trustee whose appointment as Trustee has terminated.

7.2.5 In the event that the appointment of a Founder Trustee is terminated in accordance with the provisions of this Trust Deed, the appointment of that Trustee will be terminated immediately upon the issuing of new Letters of Authority by the Master authorising the Trustees to act as such, without the particulars of such Trustee thereon.

7.3 Participant elected Trustees

7.3.1 50% of the Trustees must be persons elected by the Participants. Those Trustees are hereinafter referred to as "**Participant Trustees**".

7.3.2 The Initial Trustees will take all the steps reasonably necessary to procure that the two Participant Trustees will be elected by Participants within 90 days after this Trust Deed is registered with the Master.

7.3.3 The Participant Trustees must be natural persons who meet the Election Criteria.

7.3.4 For the purposes of 7.3.3, the "**Election Criteria**" shall be met in respect of a Person nominated as a Trustee if such Person nominated for election -

7.3.4.1 has at least a Bachelor's degree;

7.3.4.2 has either been employed within the Founder Group for a continuous and uninterrupted (other than due to any period of absence provided for in the BCEA) period of at least five years or has been a non-executive director of a Member of a Founder Group Company for at least 5 consecutive years; and

7.3.4.3 is not a Participant.

[LR 14.4 and LR14.5]

7.3.5 The appointment of an elected Participant Trustee as a Trustee of the Trust (who has not been re-elected) will commence when the Master has issued Letters of Authority authorising such Participant Trustee to act as a Trustee of the Trust and the appointment of an existing Participant Trustee (who has been removed, resigned or not been re-elected) will terminate with effect from the issue of Letters of Authority no longer reflecting such Trustee.

7.3.6 It is recorded that given the large number of Participants, it will be impractical to hold a meeting of Participants for purposes of the election of the Participant Trustees. The Trustees will accordingly from time to time determine the -

7.3.6.1 process of nomination of nominees to be put to Participants for election as the Participant Trustees; and

- 7.3.6.2 rules, processes and procedures (to the extent not prescribed by this Trust Deed) to be followed in respect of the election of the Participant Trustees by the Participants and the determination of such rules, processes and procedures will be binding on the Participants.
- 7.3.7 An election of Participant Trustees by Participants will be done in accordance with the rules, processes and procedures determined in terms of 7.3.6.
- 7.3.8 An election of a Participant Trustee may, without derogating from the powers of the Trustees in terms of 7.3.7, take the form of a process in terms whereof Participants may, within a period after the written document on which the election must take place was sent to them by email or delivered or notified to them in another manner approved by the Trustees, in writing, exercise their votes for Participant Trustees (in other words no meeting of Participants will be held for purposes of electing Participant Trustees).
- 7.3.9 An election in terms of 7.3.8 will have been completed on 17h00 on the last day of the period stipulated by the Trustees in accordance with 7.3.7 and the nominee or two nominees (as the case may be) who have received the most votes will be elected as a Participant Trustee.
- 7.3.10 Each Participant shall, subject to 7.3.11, have one vote for every Unit allocated to him or her and all voting will be done by a poll in a manner determined by the Trustees.
- 7.3.11 In an election of a Participant Trustee, the nominee, and in the case of the election of two Participant Trustees, the two nominees, that receive the most votes will be elected as Participant Trustee/s. Each Participant may exercise its votes in respect of the election of the same number of nominees as the number of Participant Trustees that must be elected. For example, if there are ten nominees from which two Participant Trustees must be elected, a Participant may exercise his votes for the election of two of the nominees as Participant Trustees.

7.4 **Security**

None of the Trustees shall be required to furnish security for the due performance of any duty under the Trust Act or under any other statutory provision of the Republic

of South Africa or elsewhere or in respect of the administration of the Trust hereby created, either individually or collectively, to the Master or to any other government official, and the need for furnishing any such security under any law for the time being in force is hereby dispensed with.

7.5 **Disqualification from Serving as a Trustee**

A Person shall automatically be disqualified from being appointed, elected or acting as a Trustee if such Person –

- 7.5.1 is or becomes an executive director of a Founder Group Company; **[LR14.4]**
- 7.5.2 is an Eligible Person;
- 7.5.3 is a Participant; **[LR14.4 & LR14.5]**
- 7.5.4 has been declared a delinquent or placed under probation by a court in terms of section 162 of the Companies Act or section 47 of the Close Corporations Act No. 69 of 1984, except to the extent permitted by the order of probation;
- 7.5.5 is or becomes disqualified from acting as a director of a company in terms of section 69(8) of the Companies Act (or any equivalent provision);
- 7.5.6 is or becomes an unrehabilitated insolvent;
- 7.5.7 is or becomes prohibited in terms of any Applicable Law (including but not limited to the Trust Act);
- 7.5.8 has been removed from an office of trust on the grounds of misconduct involving dishonesty;
- 7.5.9 has been placed under sequestration, whether provisional or final, or has committed an act of insolvency in terms of the Insolvency Act 24 of 1936 or placed under administration in terms of section 74 of the Magistrates' Court Act 32 of 1944;
- 7.5.10 is insane or incapable of managing his affairs or has been declared a prodigal;
or

- 7.5.11 is convicted under the laws of any country of any offence involving dishonesty, fraud or any other offence for which he has been sentenced to imprisonment without the option of a fine.

7.6 **Vacation of Office by Trustees**

A Person shall cease to hold office as a Trustee if that Person -

- 7.6.1 becomes disqualified from being a Trustee as contemplated in 7.5;
- 7.6.2 resigns from his office as a Trustee by notice in writing of not less than 21 Business Days to the Master, the remaining Trustees and the Founder;
- 7.6.3 has been appointed by the Founder as a Founder Trustee, and the Founder has terminated his/her appointment by way of a written notice to that effect to the remaining Trustees;
- 7.6.4 has been elected as a Participant Trustee and is requested, in writing, by the majority of the Participants, to resign as a Trustee;
- 7.6.5 he/she dies;
- 7.6.6 he/she is removed from his office as a Trustee by the Master in accordance with the provisions of the Trust Act; or
- 7.6.7 unless otherwise resolved by the majority of the Trustees, he/she fails to be present at any two consecutive duly convened meetings of the Trustees.

7.7 **Remuneration of Trustees**

- 7.7.1 None of the Trustees shall be entitled to receive any remuneration for their services as Trustees.
- 7.7.2 All out of pocket expenses incurred by a Trustee in the course and scope of the performance of his/her powers and duties in terms of this Trust Deed shall be reimbursed to him/her by the Trust in accordance with 11 if -

- 7.7.2.1 a valid invoice and any other supporting documentation reflecting the nature and extent of the relevant expenditure was duly submitted to the Trustees;
- 7.7.2.2 the relevant expenditure incurred was reasonable (and not excessive) and incurred specifically and solely for the purpose of performing his/her duties as a Trustee in terms of this Trust Deed; and
- 7.7.2.3 such expenditure was authorised by the Trustees and a representative of the Founder.
- 7.7.3 The holding of office of a Trustee shall not preclude him/her or any firm or company of which he is a member from rendering and recovering reasonable remuneration for professional services rendered to the Trust.

7.8 **Exemption of Trustees from Liability**

Subject to the Trust Act -

- 7.8.1 no Trustee shall be liable to make good to the Trust or anyone claiming through the Trust any loss occasioned or sustained by any cause, howsoever arising, except such loss as may arise from or be occasioned by his/her own personal dishonesty or other wilful misconduct or gross negligence;
- 7.8.2 no Trustee shall be liable for any act of dishonesty or other misconduct committed by any other Trustee unless he/she knowingly allowed it or was an accessory to it;
- 7.8.3 the Trustees shall be indemnified out of the assets of the Trust against all claims and demands of whatsoever nature that may be made upon them arising out of the proper exercise or purported proper exercise of any of the powers conferred upon them under this Trust Deed; and
- 7.8.4 if the Trustees make any *bona fide* payment to any Person they believe to be entitled to the payment under the terms of this Trust Deed and if it is subsequently found that the recipient was not entitled to the payment, the Trustees shall not be liable or responsible to the Trust or anyone claiming through the Trust for the payment so made.

8 MEETINGS OF TRUSTEES

8.1 Chairperson

8.1.1 The chairperson of the Trustees shall be any one of the Trustees elected by the Trustees from their number, by way of a resolution passed by the majority of the Trustees. The chairperson of the Trustees shall not have a second and casting vote in addition to his deliberative vote.

8.1.2 If, at any meeting of the Trustees, the chairperson appointed in terms of 8.1.1 is not present at the time set for holding the meeting, then the Trustees present may appoint any one of their number who is present to act as chairperson for that particular meeting.

8.2 Meetings

8.2.1 The Trustees may meet, adjourn and otherwise regulate the holding of and the proceedings at their meetings as they deem fit, provided that the Trustees shall hold at least two meetings in every Financial Year of the Trust, one of which shall be convened for purposes of presenting the annual financial statements for the previous Financial Year of the Trust for consideration and approval by the Trustees, and provided further that each such meeting/s shall be convened by the chairperson of the Trustees for the time being on not less than ten Business Days prior written notice, unless all the Trustees agree to a shorter period.

8.2.2 The Trustees -

8.2.2.1 may decide that a meeting of the Trustees is to be conducted in whole or in part by Electronic Communication; and

8.2.2.2 must always make provision for any Trustees to participate by Electronic Communication in every meeting of the Trustees that is held in person,

and any Electronic Communication facility so employed must ordinarily enable all Trustees participating in that meeting to at least speak and hear each other at approximately the same time, and to participate reasonably effectively in the meeting.

8.3 **Convening of Meetings**

Any Trustee may, at any time, request that a meeting of the Trustees is convened, and the chairperson of the Trustees shall, on the request of any such Trustee, convene a meeting of the Trustees.

8.4 **Notices of Meetings**

The notice convening a meeting of Trustees shall specify the business to be dealt with at the meeting and, if possible, shall be accompanied by the minutes of the previous meeting.

8.5 **Agenda**

8.5.1 The notice convening a meeting of Trustees will include an agenda stating the matters to be dealt with at the meeting in sufficient detail to enable the Trustees to prepare adequately for the meeting.

8.5.2 The contents of the notice and agenda shall be prepared by and be the responsibility of the company secretary of the Founder. Any Trustee may at any time require that any matter be included on the agenda for a meeting.

8.6 **Venue**

Meetings of Trustees will be held at a reasonable venue. In the ordinary course, Trustees meetings will be held at the principal place of business of the Founder.

8.7 **Quorum for Meetings**

8.7.1 A quorum at any meeting of Trustees shall be a majority in number of the appointed Trustees holding office at the time of the meeting and who are authorised to act as Trustees in terms of the Trust Act, provided that -

8.7.1.1 until such time as Participant Trustees are elected by Participants in terms of 7.3, a quorum shall be both of the Initial Trustees;

8.7.1.2 while there are three Trustees holding office at the time of the meeting, a quorum shall be two of such Trustees, one of whom must be a Founder Trustee and the other a Participant Trustee; and

8.7.1.3 if at any time there are two or less Trustees holding office at the time of the meeting, a quorum shall be all of such Trustees.

8.7.2 No business shall be transacted at a meeting of Trustees unless a quorum is present at the commencement of and throughout the meeting.

8.7.3 Notwithstanding the provisions of 8.7.1 and 8.7.2, if no quorum is present at any duly convened Trustees' meeting within 30 (thirty) minutes from the specified time for commencement of that meeting, the meeting shall be adjourned to the same day, seven days later, at the same time and venue, or if that date is not a Business Day, then to the next succeeding Business Day. If at such adjourned meeting, a quorum is not present within 30 (thirty) minutes from the scheduled time of that meeting, the Trustees present shall be deemed to constitute a quorum.

8.8 **Voting of Trustees**

8.8.1 Each Trustee shall have one vote.

8.8.2 All resolutions of the Trustees, to be valid, must be passed by simple majority vote by those of the Trustees present and entitled to vote at a properly constituted Trustees' meeting.

8.8.3 Any decision by the Trustees adopted in accordance with the provisions of this Trust Deed will be binding on the Trustees and the Trust.

8.8.4 In the event of a deadlock -

8.8.4.1 the chairperson of a meeting of the Trustees shall not have a second or casting vote;

8.8.4.2 the resolution in question shall fail and shall not be implemented; and

8.8.4.3 any of the Trustees may refer the matter which is the subject of a deadlock vote for determination in accordance with 8.11.

8.9 **Round-Robin Resolutions**

- 8.9.1 A written resolution (which may consist of one or more documents in like form each signed by a Trustee) signed and passed by all Trustees and inserted in the minute book, shall be valid and effective in accordance with its terms as if passed at a meeting of the Trustees.
- 8.9.2 During the Initial Period, a resolution in writing signed by both of the Initial Trustees shall be as valid and effective as if had been passed at a duly convened meeting of Trustees and shall be binding on all the Trustees.
- 8.9.3 Unless the contrary is stated therein, any such resolution shall be deemed to have been passed on the date specified therein.
- 8.9.4 A fax or scanned copy (sent by Electronic Communication) of a Trustee's signed resolution shall be acceptable evidence that such resolution has been signed by the Trustee whose signature appears on the fax or scanned copy.

8.10 **Minutes**

- 8.10.1 Minutes will be –
- 8.10.1.1 kept of all Trustees' meetings;
- 8.10.1.2 settled by the chairperson of the meeting in question and circulated to all Trustees within 60 days following the meeting;
- 8.10.1.3 submitted to the next meeting for approval, with or without modification; and
- 8.10.1.4 signed by the chairperson of that meeting confirming the approval of the meeting.
- 8.10.2 A minute, or a certified copy of a minute, signed by the chairperson, the Trustees present at the meeting or the company secretary of the Founder shall constitute evidence, until the contrary is proved, of the contents of the minute.

8.11 **Determination by an Independent Third Party**

- 8.11.1 Should any deadlock occur as contemplated in 8.8.4, the matter shall be determined by an independent third party appointed by the Board following the written request by any Trustee.
- 8.11.2 The independent third party shall act as a mediator between the Trustees in an attempt to obtain consensus and failing that, he shall decide the matter and his decision (arrived at on the basis set out in 8.11.4) shall be final and binding on the Trustees and the Trustees shall be obliged to procure that, at any meeting of the Trustees, the Trustees will exercise their voting rights as determined by such independent third party so as to implement the directive of such independent third party.
- 8.11.3 The hearing by the independent third party as set out in 8.11.2 shall be convened as soon as reasonably possible after the matter has been referred to the Board as contemplated in 8.11.1 and shall be summarily handled. The said independent third party may determine his/her own procedure.
- 8.11.4 In arriving at a decision, the independent third party shall act in the best interests of the Trust and the independent third party shall be obliged, in making any decision, to take into account normal standards of financial prudence and conservatism and reasonable standards of accepted business practice.

9 **POWERS OF TRUSTEES**

- 9.1 The Trustees will have the power to carry out and give effect to the intent, purpose and provisions of the Trust Objects, including but not limited to, the power to –
- 9.1.1 enter into (on an arm's length basis) agreements and contracts;
- 9.1.2 amend the Scheme Rules, subject to the provisions of 29, being complied with;
- 9.1.3 acquire, hold and Sell the Trust Shares in accordance with this Trust Deed and enter into any and all written agreements with third parties to give effect to same;

- 9.1.4 exercise all voting rights in respect of the Unallocated Trust Shares in their sole discretion;
- 9.1.5 exercise all voting rights in respect of the Trust Shares linked to Units in accordance with the wishes of the Participants as determined by way of a Participants' meeting or written resolution as contemplated in 14;
- 9.1.6 open and operate bank accounts or other accounts appropriate to the business of the Trust;
- 9.1.7 employ and act on the advice of the Auditors, attorneys, counsel and other professional consultants in connection with the affairs of the Trust;
- 9.1.8 establish rules, procedures and guidelines which the Trustees will follow in exercising the powers contained in this Trust Deed or in respect of any other matter which the Trustees deem appropriate; provided that such rules do not conflict with this Trust Deed or with any laws in existence in the Republic of South Africa from time to time;
- 9.1.9 exercise such further rights, powers and authority as may from time to time be conferred on them by resolution of the Board;
- 9.1.10 generally, to do anything they consider necessary or desirable in the interests of maintaining and achieving the Trust Objects; and
- 9.1.11 delegate –
 - 9.1.11.1 any of their powers and functions to any one or more of their number or the company secretary of the Founder, if appropriate and convenient; and
 - 9.1.11.2 the day-to-day administration of the Trust to the Founder or a third party, with the agreement of the Founder, at reasonable cost, or an appropriately qualified officer or employee of any of the Founder Group Companies which officer or employee will perform all of his duties in accordance with the instructions of Trustees and subject to the provisions of this Trust Deed.
- 9.2 The powers of the Trustees described in 9.1 are powers granted to them in their official capacities for the proper administration of the Trust and to enable them to

achieve the Trust Objects. The Trustees shall accordingly exercise their wide powers only to achieve the Trust Objects.

9.3 The Trustees are expressly prohibited from –

9.3.1 purchasing any Trust Shares during a Prohibited Period, unless the Trust has a repurchase programme in place. The Trust must instruct only one independent third party, which makes its investment decisions in relation to Trust Shares independently of, and uninfluenced by, the Founder and/or the Trust, prior to the commencement of the Prohibited Period to execute the repurchase programme. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the Prohibited Period and must include the following details - **[LR14.9(e)]**

9.3.1.1 the name of the independent agent; **[LR14.9(e)(i)]**

9.3.1.2 the date the independent agent was appointed; **[LR14.9(e)(ii)]**

9.3.1.3 the commencement and termination date of the repurchase programme; and **[LR14.9(e)(iii)]**

9.3.1.4 the quantities of Trust Shares to be traded during the relevant period which must be fixed (i.e. not subject to any variation). **[LR14.9(e)(iv)]**

9.3.2 Encumbering any Trust Shares;

9.3.3 Selling any Trust Shares linked to Units allocated to Participants, unless they simultaneously Redeem such Units or such Units are Forfeited; **[LR14.9(b)]**

9.3.4 Selling any Trust Shares other than as contemplated in this Trust Deed or pursuant to the written instructions of the Board; and

9.3.5 making any distribution of capital or income from the assets of the Trust to the Participants in a manner other than that specified in this Trust Deed.

10 DUTIES OF TRUSTEES

The duties of the Trustees in relation to the Trust are those prescribed by this Trust Deed and include, without limitation, the duty to -

- 10.1 administer the Trust in order to achieve and maintain the Trust Objects;
- 10.2 make Offers to Offerees in accordance with the provisions of this Trust Deed and the Scheme Rules on the instructions of the Remuneration Committee;
- 10.3 create and cause to be properly and accurately maintained at all times in terms of and for purposes of the Trust, a Register of Participants (in any reasonable format the Trustees deem appropriate), which shall specify, in relation to each Participant, the information set out in 19 below;
- 10.4 open one or more Trust bank accounts to manage the receipts and payments of the Trust;
- 10.5 subject to the provisions of paragraph 5.1 of the Scheme Rules, pay all Dividend Income and other payments which they receive in respect of Trust Shares linked to Units allocated to the Participants, to such Participants in proportion to their Trust Interests;
- 10.6 attend all meetings of the Founder's shareholders and vote all the Trust Shares linked to Units allocated to Participants in accordance with the wishes of the Participants as determined by way of a Participants' meeting or written resolution as contemplated in 14, failing which, the Trustees shall abstain from voting the Trust Shares linked to Units allocated to Participants;
- 10.7 procure that employees' tax as provided for in the Fourth Schedule of the Income Tax Act, payable in relation to the Units allocated to Participants in terms of this Trust Deed (whether or not such Participants are still employed by any Member of the Founder Group), if any, will be deducted from the amounts payable to the Participants in terms of this Trust Deed and paid to the South African Revenue Service and shall procure the compliance with other relevant provisions of the Income Tax Act;
- 10.8 cause full and accurate records and books of accounts to be kept of the financial affairs of the Trust and to cause financial statements to be prepared in accordance with generally accepted accounting practice in South Africa. These financial statements will be audited annually by the Auditors within six months of the Financial Year end of the Trust; and

- 10.9 carry out such other duties as may, consistent with their offices as Trustees and in terms of the provisions of this Trust Deed, be delegated to them from time to time by resolution of the Board.

11 TRUST EXPENSES

All costs and expenses lawfully and reasonably incurred by the Trustees to achieve the Trust Objects, including but not limited to the costs of legal proceedings brought by or against the Trust or the Trustees (in their capacity as such), including proceedings brought against the Founder, shall be paid, to the extent that alternative funding cannot be raised in terms of 12, by the Founder.

12 RAISING OF FUNDS

- 12.1 Whenever the Trustees require funding (over and above the Dividend Income received in respect of Unallocated Trust Shares as contemplated in 21) for the costs of the day-to-day operation and administration of the Trust, the Trustees shall –

12.1.1 advise the Board to that effect in writing; and

12.1.2 convene a meeting of Trustees at which the Board shall be represented in order to consider the appropriate method of raising the required funds.

- 12.2 The Trustees and the Board shall be entitled to consider and apply the following sources of funding to discharge the payment obligations of the Trust –

12.2.1 donations and contributions by the Founder to the Trust;

12.2.2 loans advanced by the Founder, or any Member of the Founder Group, to the Trust; and

12.2.3 any other method or source of funding recommended by the Board from time to time,

subject to compliance with the provisions of the Companies Act.

- 12.3 The Trustees and the Board shall consult in a *bona fide* manner on the most appropriate way of raising funds, but in the event of the Board and the Trustees not reaching agreement on the matter, a written instruction from the Board shall prevail.

For the avoidance of doubt, the Trustees shall not be entitled to raise funds in any manner whatsoever, unless the manner and extent thereof has been approved by Board.

13 ACQUISITION OF TRUST SHARES AND LIMITS

13.1 For purposes of achieving the Trust Objects and subject to the provisions of 9.3.1 and 13.2 -

13.1.1 the Trust shall, from time to time, be required, in the first instance, to purchase all Empowerment Trust Shares, from the Empowerment Trust, which purchase can be made in multiple tranches at a price equal to the Historical Cost Value thereof;

13.1.2 once the Trust has acquired all of the Empowerment Trust Shares, from the Empowerment Trust, then the Trust shall, in the second instance, be required to purchase Founder Shares from any Founder Group Company (other than a Franchisee) at a price equal to the Market Value thereof; and

13.1.3 if the Trust has purchased all of the Empowerment Trust Shares and is unable to procure the purchase of Founder Shares from any Founder Group Company (other than a Franchisee) for any reason whatsoever, then, in the third instance, and at the Board's sole and absolute discretion, the Trust shall either purchase Founder Shares through the market or subscribe for Founder Shares at a price equal to the Market Value thereof. **[LR14.9(c)]**

13.2 Notwithstanding the provisions of 13.1, in fulfilling any Offer -

13.2.1 the Trustees must first utilise any Unallocated Trust Shares held by the Trust and the Trust may only purchase or subscribe for Founder Shares to the extent of any shortfall in the event that the Unallocated Trust Shares held by the Trust are insufficient to fulfil an Offer; and

13.2.2 Founder Shares may only be purchased or subscribed for by the Trust once an Offeree has been formally identified by the Remuneration Committee and such Offeree has accepted the Offer made to him by the Trustees by timeously delivering an Acceptance Notice to the Trustees. **[LR14.9(a)]**

- 13.3 The aggregate number of Trust Shares acquired by the Trust in accordance with this Trust Deed, may not exceed 20 000 000 Founder Shares, provided that in the event of a sub-division or consolidation of Founder Shares, such maximum number shall be adjusted accordingly, so as to constitute the same proportion of the Founder Shares as it did prior to such event. Such adjustment shall also be made to the Participants Trust Interests with reference to the same proportion of Trust Shares as that to which they were previously entitled and the number of allocated Units shall be adjusted accordingly. The Founder's Auditors shall confirm to the JSE that any such adjustment is in accordance with the Trust Deed and any such adjustment shall be reported in the Founder's Annual Financial Statements for the year in which such adjustment is made. **[LR14.1(b), LR14.3(a), LR14.3(d) & LR14.3(e)]**
- 13.4 In determining the number of Trust Shares which may be acquired by the Trust in terms of 13.3 in terms of this Trust Deed, Trust Shares linked to Units which are subsequently Forfeited and cancelled in accordance with the Trust Deed will become Unallocated Trust Shares as contemplated in paragraph 7.3.3 of the Scheme Rules and shall not count towards the maximum number of Founder Shares as set out in 13.3. Accordingly, rolling over is prohibited. **[LR14.12]**
- 13.5 Trust Shares acquired by the Trustees by way of purchases in the market will not be taken into account and shall not count towards the maximum number of Founder Shares as set out in 13.3 utilised by the Trust for purposes of the Trust Objects.
- 13.6 The issue of Founder Shares as consideration for an acquisition, the issue of Founder Shares for cash and the issue of Founder Shares for a vendor consideration placing will not be regarded as a circumstance requiring adjustment and accordingly, no adjustment to the number of allocated Units will be made in such circumstances. **[LR14.3(c)]**

PART IV – PROCEEDINGS OF PARTICIPANTS

14 MEETINGS OF PARTICIPANTS

- 14.1 Subject to the provisions of 14.3.2, the Trustees shall procure that a meeting of the Participants is held –
- 14.1.1 on an annual basis, within 40 Business Days of approval of the annual financial statements of the Trust by the Trustees ("**Annual General Meeting**");

- 14.1.2 prior to each annual general meeting of the Founder and each other general meeting of the Founder and before the Trustees are required to exercise the voting rights in respect of the Trust Shares linked to Units allocated to Participants for purposes of a written shareholders' resolution; and
- 14.1.3 in the circumstances contemplated in 14.4, 14.6 and 29.1 below.
- 14.2 A minimum of two Trustees shall attend each meeting of the Participants, provided that one Founder Trustee and one Participant Trustee shall be in attendance. Trustees shall not exercise a vote at a meeting of the Participants.
- 14.3 The Trustees shall –
 - 14.3.1 at each Annual General Meeting contemplated in 14.1.1 above, present the annual financial statements of the Trust to the Participants; and
 - 14.3.2 in respect of each shareholders' meeting of the Founder or proposed written resolution of the shareholders of the Founder, vote the Trust Shares linked to Units allocated to Participants in accordance with the instructions of the Participants obtained at a meeting of the Participants as contemplated in this 14, subject to Schedule 14 of the JSE Listings Requirements which excludes the Trust Shares from having their votes taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements. The Trust Shares will also not be taken into account for purposes of determining categorisations as detailed in Section 9 of the JSE Listings Requirements; **[LR14.1(e) & LR14.10]**
- 14.4 The Trustees may, in their sole discretion, refer any matter under this Trust Deed for consideration and/or determination by majority decision of a quorate meeting of the Participants.
- 14.5 All meetings of the Participants shall be convened and held as follows –
 - 14.5.1 meetings shall be held in Johannesburg and may be held by means of such telephonic, Electronic Communication or other communication facilities which permit all persons participating in any meeting, to communicate with each other concurrently without an intermediary and effectively;

- 14.5.2 meetings shall be convened by the Trustees giving the Participants 10 Business Days' written notice or such shorter notice as may be agreed by at least two thirds of the Participants (determined by the number of Participants, not by the number of allocated Units);
- 14.5.3 an agenda of the matters to be discussed at each meeting shall be given together with the written notice referred to in 14.5.2;
- 14.5.4 the chairperson of the Trustees shall be the chairperson at all meetings of the Participants, provided that if the chairperson is not present at a meeting of the Participants, the Trustees present at that meeting shall elect one of them as the chairperson for that meeting;
- 14.5.5 a quorum at any meeting of the Participants shall be two thirds of the Participants, present personally or by proxy (determined by the number of Participants, not by the number of allocated Units). If no quorum is present at any meeting of the Participants, the meeting shall be adjourned to the same day seven days later at the same time and in the same venue or, if that day is not a Business Day, to the next succeeding Business Day. If at the adjourned meeting a quorum is not present within 15 minutes of the time of that meeting, the Participants present shall constitute a quorum. Written notice of such adjournment specifying the business to be dealt with at the adjourned meeting of the Participants shall be given to the Participants. If written notice is not so given, the adjourned meeting may not be held until notice is given to the Participants in the manner set out in this 14.5.5;
- 14.5.6 each Participant shall be entitled to appoint a written proxy to represent him at a meeting of the Participants;
- 14.5.7 each Participant shall have one vote for each Unit held by such Participant at a meeting of, or in respect of any decision by, the Participants;
- 14.5.8 save in the circumstances contemplated in 14.3.2 where the Trustees are required to vote the Trust Shares linked to Units allocated to Participants in accordance with the instructions of each of the Participants obtained at a meeting of the Participants as contemplated in this 14 (taking into account the provisions of 14.5.7), all resolutions put to the vote of Participants at any general meeting of Participants shall be decided by a majority of the votes exercised on those resolutions; and

- 14.5.9 the Trustees shall keep minutes of the meetings of Participants in writing and such minutes and resolutions passed by the Participants shall be duly signed by the chairperson referred to in 14.5.4.
- 14.6 Participants may convene a meeting of the Participants at any time, provided that at least two thirds of the Participants (determined by the number of Participants, not by the number of allocated Units) agree to convene a meeting of the Participants.
- 14.7 A resolution of the Participants signed by all of them shall be as valid and effective as if it had been adopted by a duly convened meeting of the Participants.

PART V – THE RETENTION SCHEME

15 TRUST SHARES

The Trustees shall hold all Trust Shares acquired by the Trust for the benefit of the Participants in accordance with the provisions of this Trust Deed and the Scheme Rules.

16 CREATION OF UNITS

The Trustees shall, from time to time, in accordance with the Scheme Rules create Units. Each Unit shall confer on a Participant to whom such Units have been awarded the vested rights and obligations stipulated in this Trust Deed and the Scheme Rules.

17 AWARD OF UNITS

- 17.1 The Scheme Rules shall determine, *inter alia* -
- 17.1.1 that the Trustees shall allocate and award Units to Eligible Persons identified by the Remuneration Committee for no cash consideration;
- 17.1.2 the particular Eligible Person to whom such Units shall be awarded;
- 17.1.3 the number of Units to be awarded to each such Eligible Person, as directed by the Remuneration Committee; and
- 17.1.4 that Participants will only have personal rights against the Trust.

- 17.2 No award of Units may be granted with retrospective effect. The date upon which the decision to award and allocate Units to an Eligible Person (i.e. the date upon which the Directive Notice is issued to the Trustees) shall be the date upon which all aspects of the allocation and award of the Units to such Eligible Person are determined. **[LR14.13]**

18 **TERMINATION OF PARTICIPATION RIGHTS AND FORFEITURE OF UNITS**

The Scheme Rules shall determine the basis on which the Trustees shall cancel or withdraw all or a portion of the Units held by a Participant.

19 **REGISTER OF PARTICIPANTS**

The Trustees shall maintain, or procure the maintenance of, a record of all Participants and the number of Units held by such Participants and to this end shall establish a Register of Participants (in any reasonable format the Trustees deem appropriate) specifying in relation to each Participant -

- 19.1.1 the full name and identity number of each Participant;
- 19.1.2 the date of commencement of each Participant's employment with the Founder Group Company;
- 19.1.3 the race and gender of each Participant;
- 19.1.4 the name of the Founder Group Company employing each Participant;
- 19.1.5 the date of termination of employment, when applicable;
- 19.1.6 the Retention Award made by the relevant Founder Group Company to the Trust in fulfilling an Offer to each Participant;
- 19.1.7 the Trust Shares acquired with the Retention Award;
- 19.1.8 the Units allocated to each Participant and the date upon which such Units are allocated to such Participant;
- 19.1.9 the Trust Interest held by each Participant from time to time;

- 19.1.10 the distributions made to each Participant by the Trust from time to time;
- 19.1.11 the date of expiry of the Retention Period in respect of each Participant;
- 19.1.12 any Redemption or Forfeiture of Units held by a Participant;
- 19.1.13 each Participant's mobile telephone number;
- 19.1.14 the bank account details of each Participant;
- 19.1.15 the email address of each Participant; and
- 19.1.16 any other information in relation to each Participant required from time to time by the Trustees.

20 RESTRICTIONS ON ALLOCATIONS AND REDEMPTIONS

- 20.1 Notwithstanding any other provision of this Trust Deed, all allocations of Units in terms of the Trust are subject to the requirements and restrictions contained in all Applicable Laws for the time being in force in the Republic of South Africa or elsewhere, including but not limited to the Companies Act, the Financial Markets Act and the JSE Listings Requirements. If Units are to be allocated or Redeemed in terms of this Trust Deed, but cannot at the relevant time be effected due to the aforementioned requirements or restrictions, such allocations and Redemptions will be effected as soon as it is possible to do so in compliance with the relevant requirements and restrictions. To the extent appropriate, a Participant is responsible, at his own cost, for complying with any requirements he may need to fulfil and any approvals or consents (including a spousal consent) he may require in order to participate in the Trust.
- 20.2 Any Trust Shares acquired under the Trust are subject to the memorandum of incorporation of the Founder from time to time in force.

21 UNALLOCATED TRUST SHARES

- 21.1 The Trust shall hold Unallocated Trust Shares which shall be utilised by the Trust for purposes of fulfilling any future Offers.

- 21.2 The Trustees shall retain 100% of any Dividend Income received by the Trust in respect of Unallocated Trust Shares (net of all Taxes) in the Trust to -
- 21.2.1 cover the ongoing costs, expenses, disbursements and liabilities lawfully and reasonably incurred or to be incurred by the Trust in respect of the day to day management, operation and administration of the Trust;
- 21.2.2 cover all and any liabilities of the Trust of whatsoever nature and howsoever arising, whether actual or contingent, unquantified or disputed; and
- 21.2.3 achieve the Trust Objects.

22 TERMS OF EMPLOYMENT OR APPOINTMENT

- 22.1 Nothing in this Trust Deed or the operation of the Trust forms part of the contract of employment, employment relationship or terms of appointment of an Eligible Person, Offeree or a Participant. The rights and obligations arising from the relationship between the Eligible Person, Offeree or Participant and the relevant Founder Group Company are separate from, and are not affected by, the Trust. Participation in the Trust does not create any right to, or entitlement or expectation of, continued employment, a continued employment relationship or an extended term of office.
- 22.2 Receipt of an Offer Notice on a particular basis in any year does not create any right to or expectation of receipt of any further Offer Notice on the same basis, or at all, in any future year.
- 22.3 If a Participant has been allocated Units by the Trustees, pursuant to an Offer made by the Trustees to such Participant and accepted by such Participant in accordance with the provisions of this Trust Deed, then in such instance (and irrespective of whether such Units have been Redeemed and/or Forfeited, as the case may be), no further Offer(s) will be made by the Trustees to such Participant in terms of the scheme embodied in this Trust Deed. **[LR14.1(f)]**
- 22.4 No Participant has any rights in respect of the exercise or omission to exercise any discretion by the Trustees, the Remuneration Committee and/or the Board in terms of this Trust Deed, or the making or omission to make any decision by the Trustees, the Remuneration Committee and/or the Board, relating to his Units.

- 22.5 No Participant has any right to compensation for any loss in relation to the Trust, including -
- 22.5.1 any loss or reduction of any rights or expectations under the Trust in any circumstances or for any reason (including lawful or unlawful termination of employment, the employment relationship or loss of office);
- 22.5.2 any decision taken in relation to the Trust or the Trust Shares linked to Units, or any failure to take a decision in relation to the Trust or the Trust Shares linked to Units; or
- 22.5.3 the operation, suspension, termination or amendment of the Trust.
- 22.6 Participation in the Trust is permitted only on the basis that the Participant accepts all of the provisions of this Trust Deed.
- 22.7 Subject to any express provision in this Trust Deed to the contrary, nothing in this Trust Deed confers any benefit, right or expectation on a person who is not an Eligible Person.
- 22.8 Each of the provisions of this 22 is entirely separate and independent from each of the other provisions. If any provision is found to be invalid then it will be deemed never to have been part of the Trust and to the extent that it is possible to do so, this will not affect the validity or enforceability of any of the remaining provisions.

23 DATA PROTECTION

By participating in the Trust, each Participant consents to the holding and processing of personal data provided by such Participant to the Founder Group or the Trustees for all purposes relating to the operation of the Trust, including but not limited to -

- 23.1 administering and maintaining Participant records;
- 23.2 providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Trust;
- 23.3 providing information to future purchasers of the Founder Group or the business in which the Participant is employed; and

23.4 transferring information about the Participant to any country as may be necessary.

PART VI – GENERAL

24 SUMMARY OF TRUST SHARES LINKED TO UNITS

The Founder shall ensure that a summary appears in the Annual Financial Statements of the Founder of the number of Trust Shares linked to Units allocated to Participants for purposes of the scheme embodied in this Trust Deed at the beginning of the Financial Year under review, changes in such number during the relevant accounting period and the balance of Trust Shares, i.e. Unallocated Trust Shares, available for utilisations for purposes of the scheme as embodied in this Trust Deed at the end of the Financial Year.

[LR14.8]

25 APPOINTMENT OF A COMPLIANCE OFFICER

Notwithstanding anything to the contrary herein contained, the Founder may, at its discretion, appoint a compliance officer to perform the functions in terms of, and comply with the duties as set out in, section 97 of the Companies Act in respect of the Trust.

26 DISPUTES

26.1 Save as otherwise expressly provided in this Trust Deed, should any dispute of whatever nature arise in regard to the interpretation or effect of, or the validity, enforceability or rectification (whether in whole or in part) of, or the respective rights or obligations of the parties to this Trust Deed under, or a breach or termination or cancellation of, this Trust Deed, then the dispute shall, unless the parties to the dispute otherwise agree in writing, be referred for determination to an expert ("**Expert**") in accordance with the remaining provisions of this 26.

26.2 The Expert shall -

26.2.1 if the matter in issue is primarily an accounting matter, be an independent, qualified and adequately experienced practising chartered accountant of not less than ten years standing agreed to by the Trustees, or failing such agreement, appointed by the President for the time being of the South African Institute of Chartered Accountants at the instance of any Trustee; or

26.2.2 if the matter in issue is any other matter, be a practising counsel of not less than ten years' standing and practising as such with adequate experience in

B-BBEE related transactions, agreed to by the Trustees, or failing such agreement, appointed by the Chairperson for the time being of the Johannesburg bar council at the instance of any Trustee.

- 26.3 The Expert selected as aforesaid shall in all respects act as an Expert and not as an arbitrator.
- 26.4 The Expert shall be vested with entire discretion as to the procedure to be followed in arriving at his decision, which shall be as informal as possible. It shall not be necessary for the Expert to observe or carry out either the strict rules of evidence or any other legal formalities or procedures, nor shall the Expert be bound to follow principles of law in deciding matters submitted to him but shall decide such matter according to what he regards to be just and equitable in the circumstances.
- 26.5 The Expert shall have the power, *inter alia*, to -
- 26.5.1 investigate or cause to be investigated any matter, fact or thing which he considers necessary or desirable in connection with the dispute and, for that purpose, shall have the widest powers of investigating all the books, records, documents and other things in the possession of any party to the dispute or the Founder, the right to take copies and/or make extracts therefrom and the right to have them produced and/or delivered at any place reasonably required by him for the aforesaid purposes;
- 26.5.2 interview and question under oath any of the parties to the dispute or any other parties to this Trust Deed, including the right to cross examine such parties;
- 26.5.3 summon witnesses;
- 26.5.4 record evidence;
- 26.5.5 make an interim decision;
- 26.5.6 call for the assistance of any other Person who he may deem necessary to assist him in arriving at his decision; and
- 26.5.7 exercise any additional powers which may be exercised by an arbitrator in terms of the Arbitration Act No.42 of 1965 ("**Arbitration Act**").

- 26.6 Any hearing by the Expert shall be held in Johannesburg. The Trust shall be responsible for all costs incurred in the determination of the dispute in terms of this 26.
- 26.7 The parties to the dispute shall use their best endeavours to procure that the decision of the Expert shall be given within 30 days or as soon thereafter as is possible after it has been demanded.
- 26.8 The decision of the Expert shall be final and binding on all parties affected thereby, shall be carried into effect and may be made an order of any competent court at the instance of any party to the dispute.
- 26.9 This clause shall not preclude any party to the dispute from obtaining relief on an urgent basis or from instituting any interdict, injunction or any similar proceedings in any court of competent jurisdiction pending the decision of the Expert.
- 26.10 Subject to 26.5.7, the provisions of the Arbitration Act shall not apply in respect of this clause or any other provision of this Trust Deed.
- 26.11 This clause is severable from the rest of this Trust Deed and shall remain in effect even if this Trust Deed is terminated for any reason.

27 NOTICES

- 27.1 Any notice or other document which has to be given to an Offeree or a Participant in terms of or in connection with the Trust may be -
- 27.1.1 delivered or sent by post to him at his home address according to the records of the Founder; or
- 27.1.2 sent by e-mail to any e-mail address which according to the records of the Founder is used by him; or
- 27.1.3 sent by means of Electronic Communication through any Electronic Communication facility so employed and/or utilised by the Trustees, from time to time.

- 27.2 Any notice or other document which is required to be given to the Founder or the Trust shall be sent to -

The Italtile Building
Cnr William Nicol Drive and Peter Place
Bryanston
2021

or via e-mail to any e-mail address number notified to the Participants from time to time for this purpose or by means of Electronic Communication through any Electronic Communication facility so employed and/or utilised by the Founder and/or the Trustees for the purposes of managing this Trust.

- 27.3 Notices sent by post will be deemed to have been given on the 15th Business Day after the date of posting. Notices sent by e-mail, in the absence of evidence of non-delivery, will be deemed to have been received on the Business Day after sending.

28 **BENEFITS**

To the extent that benefits are expressed as being conferred on any Founder Group Company or the Remuneration Committee in terms of a particular clause, the provisions of that clause shall be a stipulation for the benefit of such Founder Group Company or the Remuneration Committee, as the case may be, and shall be capable of acceptance by written notice to that effect given by such Founder Group Company or the Remuneration Committee, as the case may be, to the Founder and the Trustees, at any time.

29 **AMENDMENT**

The Board and the Trustees may amend the terms of the Trust Deed and/or the Scheme Rules, subject to the prior approval (if required) of every stock exchange on which the Founder Shares are for the time being listed, and of any other Relevant Authority; provided that –

- 29.1 no such amendment may affect the vested rights of any Participant unless approved by 51% of the Participants who vote on the proposed amendment;
- 29.2 no such amendment affecting any of the following matters shall be competent unless sanctioned by way of an ordinary resolution (requiring a 75% majority of the votes cast in favour of such resolution by all equity securities holders of the Founder

present or represented by proxy at the general meeting of the Founder to approve such resolution, excluding all the votes attaching to all equity securities owned or controlled by the Participants) –

- 29.2.1 the category or persons (i.e. the Eligible Persons as contemplated in 1.1.25) to whom, or for the benefit of whom, Trust Shares may be purchased or issued under the scheme contemplated in this Trust Deed; **[LR14.2]**
- 29.2.2 the number of Founder Shares which may be utilised for purposes of the scheme as contemplated in this Trust Deed; **[LR14.2]**
- 29.2.3 the fixed maximum number of Founder Shares for any Participant; **[LR14.2]**
- 29.2.4 the provisions of paragraphs 2.2.4 and 2.5 of the Scheme Rules; **[LR14.2]**
- 29.2.5 the voting, dividend, transfer and other rights attaching to the Units and Trust Shares linked to Units; **[LR14.2]**
- 29.2.6 the basis upon which Offers are made to Eligible Persons; **[LR14.2]**
- 29.2.7 the treatment of Trust Shares linked to Units in instances of Amalgamation or Mergers, Takeovers or Corporate Actions; **[LR14.2]**
- 29.2.8 the Scheme Rules; **[LR14.2]**
- 29.2.9 the consequences of termination of employment of a Participant; and **[LR14.2]**
- 29.2.10 any amendment of this 29.2.

30 GOVERNING LAW AND JURISDICTION

The Trust and this Trust Deed are governed by and construed in accordance with the law of the Republic of South Africa. Subject to the provisions of 26, the Founder, the Trust and all Participants submit to the jurisdiction of the High Court of South Africa (Gauteng Local Division, Johannesburg) as regards any matter arising under the Trust.

31 ENTIRE AGREEMENT

This Trust Deed, the Scheme Rules and the Notices shall constitute the whole agreement in relation to the Trust between the Founder, the Trust and a Participant.

32 AVAILABILITY OF THE TRUST DEED FOR INSPECTION

The Trustees shall ensure that this Trust Deed, the Scheme Rules, any other statutory documentation in respect of the Trust shall be made available upon request by any Participant of the Trust, to the Participant in an official language in which such Person is familiar.

33 CESSION AND DELEGATION


Save for the Founder who may cede its rights and delegate its obligations to any Founder Group Company without the consent of the Trustees or the Participants, no other party may cede any or all of that party's rights or delegate any or all of that party's obligations under this Trust Deed.

34 COUNTERPARTS

This Trust Deed may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which when taken together shall be deemed to constitute one and the same instrument.

Signed at Bryanston on 12 October 2022

for **Italtile Limited**



who warrants that he is duly authorised hereto

Signed at Bryanston on 14 October 2022



Giovanni Alberto Mario Ravazzotti

Signed at Bygonstan on 14 October 2022

MdToit
Susanna Maria Du Toit

ANNEXURE A- SCHEME RULES IN RESPECT OF THE SCHEME EMBODIED IN THE ITALILE STAFF SHARE SCHEME TRUST ("TRUST")

1 DEFINITIONS AND INTERPRETATION

- 1.1 These Scheme Rules shall at all times be read together with and be interpreted in the context of the deed of trust for the Trust, as amended from time to time ("**Trust Deed**"). The interpretation, provisions and any capitalised terms contained in these Scheme Rules shall bear the meanings assigned to them in the Trust Deed, unless the context indicates otherwise and unless the terms are themselves defined in these Scheme Rules.
- 1.2 In these Scheme Rules, unless the context indicates otherwise, the words and expressions set out below shall have the meanings assigned to them and cognate expressions shall have a corresponding meaning namely -
- 1.2.1 "**Acceptance Notice**" - a written notice of acceptance delivered by an Offeree to the Trustees during the Offer Period (irrespective of whether such Acceptance Notice is delivered prior to, on or after the Allocation Date), in terms of which such Offeree accepts the Offer made to him/her substantially in the form set out in Schedule 2 to these Scheme Rules (*Form of Acceptance Notice*);
- 1.2.2 "**Allocation Date**" - in respect of the Units forming the subject matter of an Offer, the date upon which such Units are allocated to the relevant Offeree which shall be 31 March of the calendar year in respect of which such Offer was made by the Trustees to the relevant Offeree, provided that such Offeree has delivered an Acceptance Notice in respect of such Offer to the Trustees within the Offer Period;
- 1.2.3 "**Amalgamation or Merger**" - shall bear the meaning ascribed to it in the Companies Act; [LR.14.1(g)]
- 1.2.4 "**Annual Financial Statements**" - the consolidated audited annual financial statements of the Founder for a Financial Year;
- 1.2.5 "**Auditors**" - the independent auditors appointed by the Founder from time to time;

- 1.2.6 **"BCEA"** - the Basic Conditions of Employment Act No. 75 of 1997;
- 1.2.7 **"Board"** - the board of directors of the Founder from time to time;
- 1.2.8 **"Business Day"** - any day other than a Saturday, Sunday or gazetted national public holiday in the Republic of South Africa;
- 1.2.9 **"Category 1 Existing Eligible Employee"** - any Permanent Employee who is employed with a Founder Group Company for a continuous and uninterrupted (other than due to any period of absence provided for in the BCEA) period of not less than 36 months prior to 31 August 2021 but specifically excluding any Permanent Employee who -
- 1.2.9.1 has, at any time, whether prior to or after the establishment of the Trust, participated in, or benefitted from, any share incentive trust or any other share incentive scheme of whatsoever nature of any Founder Group Company;
- 1.2.9.2 is a Trustee, a member of the Board or a member of the Remuneration Committee, as the case may be, on the date that such Person is identified by the Remuneration Committee as an Offeree;
- 1.2.9.3 is, whether directly or indirectly, a shareholder of any Founder Group Company, other than the Founder;
- 1.2.9.4 is the spouse of a shareholder of any Founder Group Company, other than the Founder;
- 1.2.9.5 is a fixed-term employee, independent contractor, consultant, service contractor, temporary contract holder (including any person employed by a labour broker/temporary employment service and rendering services to any Founder Group Company); or
- 1.2.9.6 is a spouse or other relative of a person who has participated in, or benefitted from, the scheme embodied in the second amended and restated deed of trust in respect of the Empowerment Trust;

- 1.2.10 **"Category 2 Existing Eligible Employee"** - any Permanent Employee who is employed with a Founder Group Company for a continuous and uninterrupted (other than due to any period of absence provided for in the BCEA) period of not less than 36 months prior to 31 August 2022 but specifically excluding any Permanent Employee who -
- 1.2.10.1 has, at any time, whether prior to or after the establishment of the Trust, participated in, or benefitted from, any share incentive trust or any other share incentive scheme of whatsoever nature of any Founder Group Company;
- 1.2.10.2 is a Trustee, a member of the Board or a member of the Remuneration Committee, as the case may be, on the date that such Person is identified by the Remuneration Committee as an Offeree;
- 1.2.10.3 is, whether directly or indirectly, a shareholder of any Founder Group Company, other than the Founder;
- 1.2.10.4 is the spouse of a shareholder of any Founder Group Company, other than the Founder;
- 1.2.10.5 is a fixed-term employee, independent contractor, consultant, service contractor, temporary contract holder (including any person employed by a labour broker/temporary employment service and rendering services to any Founder Group Company); or
- 1.2.10.6 is a spouse or other relative of a person who has participated in, or benefitted from, the scheme embodied in the second amended and restated deed of trust in respect of the Empowerment Trust;
- 1.2.11 **"Companies Act"** - the Companies Act No. 71 of 2008;
- 1.2.12 **"CPI"** - the headline consumer price index as published by Statistics South Africa in Statistical Release P0141 from time to time, or such other index reflecting the official rate of inflation in the Republic of South Africa as may replace it from time to time;

- 1.2.13 **"Directive Date"** -
- 1.2.13.1 in respect of each Category 2 Existing Eligible Employee, the date upon which the Remuneration Committee delivers a Directive Notice to the Trustees, pursuant to which, *inter alia*, the Remuneration Committee advises the Trustees of the identity of the relevant Offeree and the number of Units to be allocated to such Offeree, which shall be determined in accordance with the provisions of paragraph 2.6.2 of these Scheme Rules; or
- 1.2.13.2 in respect of each New Eligible Employee, the date upon which the Remuneration Committee delivers a Directive Notice to the Trustees, pursuant to which, *inter alia*, the Remuneration Committee advises the Trustees of the identity of the relevant Offeree and the number of Units to be allocated to such Offeree, which shall be determined in accordance with the provisions of paragraph 2.6.3 of these Scheme Rules;
- 1.2.14 **"Directive Notice"** - shall bear the meaning ascribed thereto in paragraph 2.2 of these Scheme Rules;
- 1.2.15 **"Dispose"** or **"Sell"** - temporarily or permanently sell, transfer, cede, make over, give, donate, exchange, dispose of, unbundle, distribute or otherwise alienate, or enter into any agreement or arrangement or transaction whatsoever or incur any obligation to do any of the foregoing which has or will have substantially the same effect as any of the foregoing, or realise any value in respect of, and **"Disposal"** or **"Sale"** shall be construed accordingly;
- 1.2.16 **"Dividend Income"** - all and any Distributions received by the Trust in respect of the Trust Shares from time to time;
- 1.2.17 **"Eligible Person"** - collectively, a Category 1 Existing Eligible Employee, a Category 2 Existing Eligible Employee and a New Eligible Employee;
[LR14.1(a)]
- 1.2.18 **"Empowerment Trust"** - the Italtile Empowerment Trust (Masters Reference Number IT 8366/07), a trust duly established in accordance with the provisions of the Trust Act;

- 1.2.19 **"Encumbrance"** - in respect of any Units or Trust Interest, any pledge, charge, hypothecation, lien, subordination, mortgage, assignment, option over, right of retention over, right of first refusal, restriction on Disposal or any other agreement, arrangement or obligation (whether conditional or not) which has or will have the effect of giving to a Person a security interest in or preferential treatment in respect of the Units or Trust Interest, but excludes statutory preferences, and **"Encumber"** and **"Encumbered"** shall be construed accordingly;
- 1.2.20 **"Financial Markets Act"** - the Financial Markets Act No. 19 of 2012;
- 1.2.21 **"Financial Year"** - the period commencing on 1 July and ending on 30 June each year;
- 1.2.22 **"Forfeiture"** - the forfeiture of a Unit as contemplated in paragraph 6 of these Scheme Rules, and **"Forfeited"** will have a corresponding meaning;
- 1.2.23 **"Founder"** - Italtile Limited, registration number 1955/000558/06, a public company as defined in the Companies Act and listed on the JSE;
- 1.2.24 **"Founder Group"** - the group comprising the Founder and its subsidiaries, from time to time, as well as each franchisee of any subsidiaries of the Founder (**"Franchisee"**), from time to time, and **"Founder Group Company"** or **"Member of the Founder Group"** means any one of them, as the context may require;
- 1.2.25 **"Founder Share"** - an ordinary share of no par value in the Founder;
- 1.2.26 **"Good Leaver Trigger Event"** - shall bear the meaning ascribed to it in paragraph 7.2 of these Scheme Rules;
- 1.2.27 **"Italtile Ceramics"** - Italtile Ceramics Proprietary Limited, registration number 1981/007176/07, a private company as defined in the Companies Act, and a wholly-owned subsidiary of the Founder;
- 1.2.28 **"JSE"** - the JSE Limited, registration number 2005/022939/06, a public company as defined in the Companies Act, licensed as an exchange under the Financial Markets Act;

- 1.2.29 **"JSE Listings Requirements"** - the JSE Listings Requirements, as amended or replaced from time to time;
- 1.2.30 **"LRA"** - the Labour Relations Act No.66 of 1995;
- 1.2.31 **"Market Value"** - for the purposes of paragraphs 5.4, 8.1.2.2.1 and 9.3 of these Scheme Rules, the market price per Trust Share linked to the Vested Units equal to the volume weighted average price at which the Founder Shares traded on the JSE for the 30 Business Days immediately preceding the date upon which such Vested Units are to be Redeemed in accordance with these Scheme Rules;
- 1.2.32 **"New Eligible Employee"** - any Permanent Employee who is employed with a Founder Group Company for any continuous and uninterrupted (other than due to any period of absence provided for in the BCEA) period of not less than 36 months after 31 August 2020, but specifically excluding any Permanent Employee who -
- 1.2.32.1 has, at any time, whether prior to or after the establishment of the Trust, participated in, or benefitted from, any share incentive trust or any other share incentive scheme of whatsoever nature of any Founder Group Company;
- 1.2.32.2 is a Trustee, a member of the Board or a member of the Remuneration Committee, as the case may be, on the date that such Person is identified by the Remuneration Committee as an Offeree;
- 1.2.32.3 is, whether directly or indirectly, a shareholder of any Founder Group Company, other than the Founder;
- 1.2.32.4 is the spouse of a shareholder of any Founder Group Company, other than the Founder;
- 1.2.32.5 is a fixed-term employee, independent contractor, consultant, service contractor, temporary contract holder (including any person employed by a labour broker/temporary employment service and rendering services to any Founder Group Company); or

- 1.2.32.6 is a spouse or other relative of a person who has participated in, or benefitted from, the scheme embodied in the second amended and restated deed of trust in respect of the Empowerment Trust;
- 1.2.33 "**Offer**" - an offer made by the Trustees to an Offeree, pursuant to a Directive Notice received by the Trustees from the Remuneration Committee, in terms of which such Offeree will be allocated such number of Units as specified in the relevant Offer Notice, and as determined in accordance with the provisions of 2.6 of these Scheme Rules, for no consideration, provided that such Offeree has timeously delivered an Acceptance Notice to the Trustees, it being recorded that the number of Units allocated to an Offeree in terms of such Offer will, at all times, be linked to an equal number of Trust Shares held by the Trust; **[LR14.1(d)(i)]**
- 1.2.34 "**Offeree**" - an Eligible Person identified by the Remuneration Committee, on the advice of the Founder Group Company who employs such Eligible Person, and to whom the Trustees have, pursuant to a Directive Notice, been directed to make an Offer for the purposes of such Eligible Person participating in the scheme embodied in the Trust Deed; **[LR14.1(a)]**
- 1.2.35 "**Offer Notice**" - a written notice setting out the Offer substantially in the form set out in **Schedule 1** to these Scheme Rules (*Form of Offer Notice*);
- 1.2.36 "**Offer Period**" - shall bear the meaning ascribed thereto in paragraph 2.4 of these Scheme Rules;
- 1.2.37 "**Participant**" - an Offeree who has timeously delivered an Acceptance Notice to the Trustees and to whom Units have been allocated, and whose Units have not been Forfeited and/or Redeemed in terms of the Trust Deed and/or these Scheme Rules, as the case may be. It being recorded that the Trustees shall have no discretion in relation to the allocation of Units to each Participant. A reference to a Participant will include, where required by the context, such Participant's executor, curator or successors; **[LR14.1(a)]**
- 1.2.38 "**Permanent Employee**" - a permanently appointed employee who is employed by a Founder Group Company to perform work on not less than five days per week, and who performs not less than 45 hours of work per week;

- 1.2.39 **"Person" or "Entity"** - includes any natural or juristic person, association, business, close corporation, company, concern, enterprise, firm, partnership, joint venture, trust, undertaking, voluntary association, body corporate, and any similar entity, in any jurisdiction;
- 1.2.40 **"Redemption"** - the redemption of a Unit as contemplated in paragraph 7.2 or paragraph 8 of these Scheme Rules, whichever is applicable, and **"Redeemed"**, **"Redeem"** and other cognate terms shall be construed accordingly;
- 1.2.41 **"Redemption Notice"** - a written notice delivered by the Trustees to the relevant Participant, in substantially the form set out in Schedule 3 to these Scheme Rules (*Form of Redemption Notice*), which notice shall contain the information and instructions set out in paragraph 8.1.1 of these Scheme Rules;
- 1.2.42 **"Remuneration Committee"** - the remuneration committee of the Founder, being a sub-committee of the Board;
- 1.2.43 **"Request Notice"** - a written notice delivered by the relevant Participant to the Trustees, in substantially the form set out in Schedule 4 to these Scheme Rules (*Form of Request Notice*), in terms of which such Participant *inter alia* (i) acknowledges receipt of the Redemption Notice, (ii) authorises and instructs the Trustees, acting for and on behalf of such Participant, to Dispose of the Trust Shares linked to the Vested Units through the market or, to the extent that the Trustees have been directed by the Board in writing after receipt of the Request Notice, to Dispose of such Trust Shares to Italtile Ceramics, then to Italtile Ceramics for a price equal to the Market Value thereof, and (iii) acknowledges and accepts that the cash proceeds realised pursuant to such Disposal, less all applicable Taxes which are payable arising from the Redemption of the Vested Units and which the Trustees are obliged to account for, withhold or deduct, as a result of such Redemption, will be paid by the Trust to such Participant;
- 1.2.44 **"Retention Award"** - the cash amount advised by the Board to the Trustees to be contributed by the relevant Founder Group Company, on a non-refundable basis, to the Trust which cash amount shall, in accordance with the provisions of paragraph 2.5 of these Scheme Rules, be utilised by the Trustees to acquire the Trust Shares forming the subject matter of the Offer;

- 1.2.45 **"Retention Period"** - means -
- 1.2.45.1 in respect of a Category 1 Existing Eligible Employee who becomes a Participant, the period commencing on the Allocation Date and enduring until the second anniversary thereof, during which the Participant concerned must remain in the employ of the Founder Group Company which employed him in order for his Units to vest and become Redeemable; and
- 1.2.45.2 in respect of a Category 2 Existing Eligible Employee or a New Eligible Employee, as the case may be, who becomes a Participant, the period commencing on the Allocation Date and enduring until the third anniversary thereof, during which the Participant concerned must remain in the employ of the Founder Group Company which employed him in order for his Units to vest and become Redeemable;
- 1.2.46 **"Retirement"** - retirement in accordance with any pension scheme of any Founder Group Company from time to time in force;
- 1.2.47 **"Takeover"** - in relation to the Founder, where a Person acting alone or two or more Persons acting in concert -
- 1.2.47.1 has/have acquired a beneficial interest in voting rights attached to the issued Founder Shares;
- 1.2.47.2 as a result of such acquisition, such Person/s is/are able to exercise, or cause to be exercised, at least the specified percentage of all the voting rights attached to the issued Founder Shares; and
- 1.2.47.3 prior to such acquisition such Person/s was/were able to exercise, or cause to be exercised, less than the specified percentage of all the voting rights attached to the issued Founder Shares;
- For the purposes of this 1.2.47, the expression "specified percentage" shall bear the meaning assigned to it from time to time in the Takeover Regulations as read with the Companies Act, presently being 35%; **[LR14.1(g)]**
- 1.2.48 **"Tax"** (including the words **"Taxes"**) - any tax including but not limited to income tax, capital gains tax, employees tax (including PAYE), UIF and skills

development levies, VAT, sales tax, donations tax, dividend withholding tax, royalty and interest withholding tax, stamp duty, securities transfer tax, customs duty, and any interest or penalties as a result of any such tax;

- 1.2.49 "**Trust Deed**" - the trust deed for the Italtile Staff Share Scheme Trust, as amended from time to time;
- 1.2.50 "**Trustees**" - the trustees in office from time to time;
- 1.2.51 "**Trust Interest**" - any rights of a Participant to participate in the income and capital of the Trust, expressed as a percentage (determined by dividing the number of Units allocated to a Participant by the total number of Units allocated to all Participants);
- 1.2.52 "**Trust Shares**" - the Founder Shares acquired by the Trustees from time to time in accordance with the provisions of the Trust Deed, held by, and registered in the name of, the Trust from time to time;
- 1.2.53 "**Unallocated Trust Shares**" - those Trust Shares, if any, in respect of which the Units have been Forfeited, and as a consequence thereof are no longer linked to any Units allocated to Participants;
- 1.2.54 "**Units**" - the notional units used as a mechanism to establish the respective Trust Interest of a Participant bearing the rights and privileges set out in paragraph 3 of these Scheme Rules, and as created by the Trustees in terms of the Trust Deed, and in accordance with the instructions of the Board, used exclusively as a mechanism to establish the respective vested rights of the Participant concerned, it being recorded that (i) there shall always be at least as many Trust Shares as there are allocated Units, i.e. each Unit allocated to a Participant will be linked to a Trust Share, and (ii) a Unit has no separate existence; and
- 1.2.55 "**Vested Units**" - shall bear the meaning ascribed thereto in paragraph 8.1.1.1 of these Scheme Rules.

2 **ELIGIBILITY FOR PARTICIPATION AND ALLOCATIONS OF UNITS**

- 2.1 The Remuneration Committee, on the advice of the relevant Member of the Founder Group, shall be entitled from time to time to identify Offerees to be made an Offer

by the Trustees for purposes of participating in the scheme embodied in the Trust Deed, it being recorded that the Trustees shall have no discretion in relation to the identification of such Offerees and the allocation of Units to such Offerees.

[LR14.1(f)]

- 2.2 The Remuneration Committee shall deliver a written directive to the Trustees ("**Directive Notice**") advising them, in respect of each Offeree, of -
 - 2.2.1 the identity of the Offeree to be made an Offer;
 - 2.2.2 the Retention Award provided to the Trust to acquire the Trust Shares forming the subject matter of the Offer;
 - 2.2.3 the number of Units forming the subject matter of the Offer, which shall be determined in accordance with the provisions of paragraph 2.6 of these Scheme Rules;
 - 2.2.4 the fact that the Units forming the subject matter of the Offer will be allocated to the Offeree for no consideration; and **[LR14.1(d)(ii)]**
 - 2.2.5 the number of Trust Shares to be linked to the Units forming the subject matter of the Offer.
- 2.3 The Trustees shall, as soon as reasonably possible after receipt of a Directive Notice but by no later than three Business Days after receipt thereof, deliver an Offer Notice to each Offeree identified in such Directive Notice.
- 2.4 Each Offeree shall be afforded 20 Business Days from receipt of the Offer Notice (or such longer period as may be advised in writing by the Remuneration Committee to the Trustees on an ad hoc basis) ("**Offer Period**") to accept the Offer by delivering an Acceptance Notice to the Trustees. If the Offer is accepted by the Offeree within the Offer Period, no consideration will be payable by the Offeree to the Trust in respect of the Units forming the subject matter of such Offer. If an Offeree fails to duly accept an Offer within the Offer Period, such Offer will lapse and will be of no further force or effect. **[LR14.1(d)(i)]**
- 2.5 Following receipt of an Acceptance Notice, the Founder or any other Member of the Founder Group (other than a Franchisee), as the case may be, shall contribute to the Trustees an amount equal to the relevant Retention Award (subject to the

provisions of paragraph 9 of these Scheme Rules), less the value of any Unallocated Trust Shares to be used by the Trustees in fulfilling an Offer in terms of clause 13.2 of the Trust Deed, for purposes of the Trustees procuring the acquisition of the Trust Shares forming the subject matter of such Offer in such manner as advised in writing by the Board to the Trustees, taking into account the provisions of clauses 13.1 and 13.2 of the Trust Deed. Such contribution will be non-refundable. **[LR14.1(d)(i), LR14.1(d)(ii) & LR14.1(d)(iii)]**

2.6 The number of Units to be allocated by the Trustees to an Offeree, pursuant to a Directive Notice issued by the Remuneration Committee to the Trustees, shall be determined as follows -

2.6.1 in respect of each Category 1 Existing Eligible Employee, 5 000 Units;
[LR14.1(c)]

2.6.2 in respect of each Category 2 Existing Eligible Employee, such number of Units as determined by applying the following formula - **[LR14.1(c)]**

$$A_t = A_o \times (1 + (CPI_{0,t}) \times S_o / S_t)$$

Where -

A_t = the number of Units to be offered by the Trustees to an Offeree who is a Category 2 Existing Eligible Employee, pursuant to a Directive Notice received by the Trustees from the Remuneration Committee, provided that " A_t " can never exceed 10 000. To the extent that " A_t " is an amount greater than 10 000, then in such instance " A_t " will be deemed to be 10 000. It being recorded that where " A_t " is a fraction resulting in a decimal of five or more, " A_t " shall be rounded up to the nearest whole number, or where " A_t " results in a decimal of below five, " A_t " shall be rounded down to the nearest whole number;

A_o = 5000, being the number of Units offered by the Trustees to each Offeree who is a Category 1 Existing Eligible Employee;

$CPI_{0,t}$ = the growth in CPI from 31 March 2022 to the last day of the month preceding the month in which the Directive Date referred to in paragraph 1.2.13.1 occurs, provided that if Statistics South

Africa has not published the Statistical Release P0141 for such month, then the growth in CPI will be determined based on the latest available Statistical Release P0141 which has been published by Statistics South Africa prior to the Directive Date referred to in paragraph 1.2.13.1;

S_o = the market price per Founder Share equal to the volume weighted average price at which the Founder Shares traded on the JSE for the 30 Business Days immediately preceding 31 March 2022; and

S_t = the market price per Founder Share equal to the volume weighted average price at which the Founder Shares traded on the JSE for the 30 Business Days immediately preceding the Directive Date referred to in paragraph 1.2.13.1;

2.6.3 in respect of each New Eligible Employee, such number of Units as determined by applying the following formula - **[LR14.1(c)]**

$$A_t = A_o \times (1 + (CPI_{0,t}) \times S_o / S_t)$$

Where -

A_t = the number of Units to be offered by the Trustees to each Offeree who is a New Eligible Employee, pursuant to a Directive Notice received by the Trustees from the Remuneration Committee, provided that " A_t " can never exceed 10 000. To the extent that " A_t " is an amount greater than 10 000, then in such instance " A_t " will be deemed to be 10 000. It being recorded that where " A_t " is a fraction resulting in a decimal of five or more, " A_t " shall be rounded up to the nearest whole number, or where " A_t " results in a decimal of below five, " A_t " shall be rounded down to the nearest whole number;

A_o = the fixed number of Units offered by the Trustees to each Offeree who is a Category 2 Existing Eligible Employee, as is determined by applying the formula in paragraph 2.6.2;

$CPI_{0,t}$ = the growth in CPI from 31 March 2023 to the last day of the month preceding the month in which the Directive Date referred to in paragraph 1.2.13.2 occurs, provided that if Statistics South Africa has not published the Statistical Release P0141 for such month, then the growth in CPI will be determined based on the latest available Statistical Release P0141 which has been published by Statistics South Africa prior to the Directive Date referred to in paragraph 1.2.13.2;

S_0 = the market price per Founder Share equal to the volume weighted average price at which the Founder Shares traded on the JSE for the 30 Business Days immediately preceding 31 March 2023, being the Allocation Date which is (or will be) applicable to Participants who are Category 1 Existing Eligible Employees; and

S_t = the market price per Founder Share equal to the volume weighted average price at which the Founder Shares traded on the JSE for the 30 Business Days immediately preceding the Directive Date referred to in paragraph 1.2.13.2.

2.7 With effect from the relevant Allocation Date, the relevant Offeree shall –

2.7.1 be allocated the Units forming the subject matter of his Offer for no consideration; **[LR14.1(d)(i) & LR14.1(d)(iii)]**

2.7.2 become a Participant of the Trust; and

2.7.3 be bound by the terms and conditions of the Trust Deed.

2.8 Subject to the provisions of paragraph 2.9 of these Scheme Rules, the number of Trust Shares linked to Units that may be acquired by any Participant in terms of the Trust Deed may not exceed 10 000 Founder Shares, it being recorded that in order for a Participant to be eligible under the scheme embodied in the Trust Deed, such Participant could not have participated in, or benefitted from, any share incentive trust or any other share incentive scheme of whatsoever nature of any Founder Group Company. **[LR14.1(c)]**

- 2.9 In the event of a capitalisation issue, a special dividend, a rights issue or reduction of capital by the Founder, such maximum number of Founder Shares that may be acquired by any Participant shall be adjusted accordingly, so as to constitute the same proportion of the Founder Shares as it did prior to such event. The Founder's Auditors shall confirm to the JSE that any such adjustment is in accordance with the Trust Deed and any such adjustment shall be reported in the Founder's Annual Financial Statements for the year in which such adjustment is made. **[LR14.3(b), LR14.3(d), LR14.3(e)]**
- 2.10 In determining the number of Trust Shares linked to Units which may be acquired by Participants in terms of paragraph 2.8 of these Scheme Rules, Trust Shares linked to Units which are subsequently Forfeited and cancelled in accordance with the Trust Deed as read with these Scheme Rules will become Unallocated Trust Shares as contemplated in paragraph 7.3.3 of these Scheme Rules and shall not count towards the maximum number of Founder Shares as set out in paragraph 2.8 of these Scheme Rules.

3 UNITS AND TRUST INTERESTS

- 3.1 The Participants shall be the vested capital and income beneficiaries of the Trust.
- 3.2 Each Unit shall –
- 3.2.1 be non-transferable (but shall be capable of Forfeiture and Redemption in accordance with the provisions of these Scheme Rules);
- 3.2.2 represent an indirect equity interest in the Trust Share linked to such Unit;
- 3.2.3 confer on the Participant a personal right as set out in these Scheme Rules;
- 3.2.4 afford the Participant a vested right to receive the Dividend Income accrued in respect of the Trust Share linked to such Unit; **[LR14.1(e)]**
- 3.2.5 entitle the Participant to instruct the Trustees how to vote the Trust Shares linked to the Units in respect of each shareholders' meeting of the Founder; **[LR14.1(e)]**
- 3.2.6 as set out in clause 14.5.7 of the Trust Deed, entitle the Participant thereof to cast one vote at any meeting of Participants; and **[LR14.1(e)]**

- 3.2.7 be automatically Redeemable upon expiry of the Retention Period applicable to such Unit in accordance with the provisions of paragraph 8 of these Scheme Rules.

4 RESTRICTIONS ON TRANSFERABILITY OF UNITS

- 4.1 Save as expressly provided for in the Trust Deed or these Scheme Rules, a Participant shall not be entitled to - **[LR14.1(e)]**
- 4.1.1 Encumber his/her Trust Interest, his/her Units and/or any Trust Shares linked to his/her Units (or any rights or interest therein);
- 4.1.2 Sell or enter into any agreement to Sell any of his/her Trust Interest, his/her Units and/or any Trust Shares linked to his/her Units (or any rights or interest therein);
- 4.1.3 enter into any swap or other arrangement that transfers to another Person, in whole or in part, any of the economic consequences of ownership of such Participant's Trust Interest, his/her Units and/or any Trust Shares linked to his/her Units;
- 4.1.4 enter into any agreement or arrangement in respect of any votes attaching to his/her Units or enter into any derivative transaction in respect of his/her Trust Interest or his/her Units;
- 4.1.5 agree, whether or not subject to any suspensive or resolute condition, to do any of the foregoing; or
- 4.1.6 enter into any transaction which has an effect similar to any of the foregoing.
- 4.2 No Trust Interest, Unit and/or Trust Shares linked to Units allocated to a Participant (or any rights or interest therein) shall be liable to attachment or be subjected to any form of execution by creditors of a Participant and no rights to any Trust Interest, Units and/or Trust Shares linked to Units allocated to a Participant shall be enforceable by any third party against the Trust.
- 4.3 Any purported assignment of a Trust Interest or Units in contravention of the Trust Deed and these Scheme Rules shall be void.

5 DISTRIBUTIONS AND DIVIDEND INCOME

- 5.1 All Dividend Income in respect of Trust Shares linked to Units allocated to Participants will immediately vest in such Participants and, within five Business Days after receipt thereof by the Trust, be distributed (net of all Taxes) to such Participants in proportion to their respective Trust Interests in the manner contemplated in paragraph 5.3, as read with paragraph 5.5, below. **[LR14.1(e)]**
- 5.2 The proportion of the Dividend Income in respect of Trust Shares linked to Units corresponding to allocated Units vesting in each Participant shall be determined by multiplying such Dividend Income by the Trust Interest (expressed as a percentage) of that Participant. **[LR14.1(e)]**
- 5.3 Each Participant hereby instructs the Trustees to retain, for and on behalf of such Participant, all Dividend Income (net of any Taxes) in respect of Trust Shares linked to Units allocated to such Participant, which has vested in such Participants during the Retention Period ("**Retained Dividend Income**"), in order to enable the Trust to pay any amount that the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from -
- 5.3.1 any Forfeiture or Redemption of Units held by any such Participant in terms of the Trust Deed; or
- 5.3.2 any benefits otherwise accruing to any such Participant pursuant to the provisions of the Trust Deed as read with these Scheme Rules.
- 5.4 To the extent that the aggregate amount of the Retained Dividend Income is insufficient to fully and finally settle any amount that the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from any Forfeiture or Redemption of Units held by the relevant Participant, then in such instance, the Trustees will be entitled, without the prior written consent of, or notification to, the relevant Participants, to sell a portion of the Trust Shares linked to the Units held by the relevant Participant through the market or otherwise to settle such Tax liability, unless the Board specifically directs the Trustees, in writing, to Dispose of such Trust Shares linked to Units held by the relevant Participant to Italtile Ceramics for an amount equal to the Market Value thereof, in which case such Trust Shares held by, and registered in the name of, the Trust shall be sold by the Trustees to Italtile Ceramics, to settle such Tax liability. **[LR14.9(b)]**

- 5.5 In the event that all the Units held by a Participant are Forfeited as a result of the occurrence of any events contemplated in paragraphs 6 and 7.2.3 of these Scheme Rules, then all Retained Dividend Income held by the Trust, for and on behalf of such Participant, shall, as soon as reasonably possible after such Forfeiture occurs, but no later than 10 Business Days thereafter, be paid (net of any Taxes) to such Participant into the bank account nominated by such Participant, in writing, for this purpose.
- 5.6 In the event that Dividend Income is received *in specie* and not in cash, the Trustees shall, unless otherwise directed by the Board in writing, realise such assets received *in specie* and distribute any proceeds received in respect thereof to the Participants in accordance with paragraph 5.1, as read with paragraph 5.2, of these Scheme Rules.
- 5.7 Any employees' tax set out in clause 10.7 of the Trust Deed shall be set-off by the Trustees against any amount payable by the Trustees to a Participant in terms of paragraph 5 of these Scheme Rules. Any amount payable to a Participant in terms of paragraph 5 of these Scheme Rules shall, following such set-off, be paid to the Participant concerned as soon as reasonably possible.

6 FORFEITURE OF UNITS

- 6.1 All the Units allocated and awarded to a Participant will be automatically Forfeited by him/her for no value in the following circumstances –
- 6.1.1 if the employment of such Participant terminates prior to the expiry of the Retention Period applicable to such Participant as a result of the occurrence of any of the following **[LR14.1(h)]** -
- 6.1.1.1 the resignation of such Participant; or
- 6.1.1.2 the lawful dismissal of such Participant by a Founder Group Company at any time on grounds of his proven dishonest, fraudulent or grossly negligent conduct (whether such termination occurs as a result of notice given to or by him/her or otherwise); or

- 6.1.1.3 any circumstances, other than those circumstances contemplated in paragraph 6.1.1 of these Scheme Rules or contemplated in paragraph 7.1 of these Scheme Rules; or
- 6.1.2 if such Participant elects, in his/her sole discretion, to become a beneficiary of, or a participant in, another share incentive trust or employee share ownership scheme established by the Founder or any other Founder Group Company from time to time.
- 6.2 If any Units are Forfeited in terms of paragraph 6.1 of these Scheme Rules, then the provisions of paragraph 7.3 of these Scheme Rules shall apply to such Forfeiture.

7 TERMINATION OF EMPLOYMENT

- 7.1 If the employment of a Participant terminates prior to the expiry of the Retention Period applicable to such Participant as a result of the occurrence of any of the following – **[LR14.1(h)]**
 - 7.1.1 death;
 - 7.1.2 retrenchment, whether due to (i) operational requirements as contemplated in the LRA, or (ii) a voluntary separation by virtue of a mutual agreement concluded between such Participant and the Founder Group Company who employs him/her, such separation being implemented in the pursuance of the Founder Group's operational requirements;
 - 7.1.3 the relevant Founder Group Company (other than the Founder) being subject to any Amalgamation or Merger;
 - 7.1.4 Retirement;
 - 7.1.5 ill health or disability, as certified by a qualified medical practitioner nominated by the management of the Founder; or
 - 7.1.6 any other reason which the Remuneration Committee considers and decides to be appropriate in the circumstances,

then the provisions of paragraphs 7.2 to 7.3 (both inclusive) of these Scheme Rules shall apply.

7.2 The Trustees shall, subject to compliance with the JSE Listings Requirements and the provisions of paragraph 7.3 below, by no later than 30 Business Days after the occurrence of any of the events contemplated in paragraph 7.1 above (each a "**Good Leaver Trigger Event**") –

7.2.1 Redeem such number of Units held by the relevant Participant as is determined by applying the following formula -

$$A = B \times \frac{C}{D}$$

where -

A = the number of Units allocated to a Participant which is required to be Redeemed pursuant to the occurrence of a Good Leaver Trigger Event;

B = the number of Units allocated to a Participant as at the date immediately preceding the occurrence of the Good Leaver Trigger Event;

C = the number of completed months of service of a Participant as a Permanent Employee of a Founder Group Company, for the period commencing on the Allocation Date and terminating on the day immediately preceding the occurrence of the Good Leaver Trigger Event; and

D = to the extent that the Units to be Redeemed are in respect of a Participant who is a Category 1 Existing Eligible Employee, "D" shall be 24; and, to the extent that the Units to be Redeemed are in respect of a Participant who is a Category 2 Existing Eligible Employee or a New Eligible Employee, "D" shall be 36;

7.2.2 procure that the Redemption of Units (after having applied the formula set out in paragraph 7.2.1 above) takes place strictly in accordance with the provisions of paragraph 8 of these Scheme Rules; and

- 7.2.3 all remaining Units which have not been Redeemed in accordance with the provisions of paragraph 7.2.1 above shall be automatically Forfeited in accordance with paragraph 7.3 of these Scheme Rules. **[LR14.1(h)]**
- 7.3 If any Units are Forfeited in terms of paragraph 6 of these Scheme Rules or this paragraph 7 –
- 7.3.1 the Trustees will deliver a written notice to that effect to the relevant Participant;
- 7.3.2 such Participant will not be entitled to any compensation whatsoever in respect of the Forfeited Units; and
- 7.3.3 the Forfeited Units will be cancelled and the Trust Shares to which such Units were linked will become Unallocated Trust Shares. **[LR14.3(f)]**

8 REDEMPTION

- 8.1 Subject to compliance with the JSE Listings Requirements, the Trustees shall, by no later than 30 Business Days after the expiry of the Retention Period applicable to the relevant Participant, Redeem the Units held by such Participant as follows -
- 8.1.1 the Trustees shall, within 10 Business Days after the expiry of the Retention Period applicable to the relevant Participant, deliver a written notice ("**Redemption Notice**") to such Participant. The Redemption Notice shall, *inter alia*, -
- 8.1.1.1 specify the number of Units linked to Trust Shares which are to be Redeemed by the Trust ("**Vested Units**");
- 8.1.1.2 specify the aggregate sum of all of the Retained Dividend Income which has accrued in respect of the Trust Shares linked to the Vested Units and which has been retained by the Trust for and on behalf of the relevant Participant;
- 8.1.1.3 stipulate the aggregate amount of the Tax liability of the relevant Participant that the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from the Redemption of the Vested Units;

- 8.1.1.4 stipulate that the Vested Units of the relevant Participant will be Redeemed in accordance with the provisions of the Trust Deed and these Scheme Rules;
- 8.1.1.5 stipulate that -
- 8.1.1.5.1 unless the Trustees receive a Request Notice from the relevant Participant within 5 Business Days from the date of delivery of the Redemption Notice by the Trustees to the relevant Participant, the Trustees shall, subject to the provisions of paragraph 5.4 of these Scheme Rules, as read with paragraph 9.3 of these Scheme Rules, procure the transfer of such number of Trust Shares linked to the Vested Units to the relevant Participant for no consideration; and
- 8.1.1.5.2 if the relevant Participant wishes for the Trustees to Dispose of the Trust Shares linked to the Vested Units, for and on behalf of the relevant Participant, in order to enable the relevant Participant to receive the cash proceeds realised from the Disposal thereof, such Participant shall be obliged to deliver a Request Notice, duly signed, to the Trustees substantially in the form set out in Schedule 4 and within the time period prescribed in paragraph 8.1.1.5.1 above;
- 8.1.2 to the extent that -
- 8.1.2.1 the Trustees do not timeously receive a Request Notice from the relevant Participant, the Trustees shall, after having taken into account any and all Taxes which the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from a Redemption of the Vested Units (as contemplated in paragraph 5.4 of these Scheme Rules as read with paragraph 9.3 of these Scheme Rules), procure the transfer of such number of Trust Shares linked to the Vested Units to such Participant; or
- 8.1.2.2 the Trustees timeously receive a Request Notice from the Participant concerned-
- 8.1.2.2.1 the Trustees shall, for and on behalf of the relevant Participant, procure the Disposal of the Trust Shares linked to the Vested Units through the market or otherwise, unless the Board specifically directs the Trustees, in writing, to sell such Trust Shares linked to

the Vested Units to Italtile Ceramics for a price equal to the Market Value thereof, in which case such Trust Shares held by, and registered in the name of, the Trust shall be sold by the Trustees to Italtile Ceramics; and **[LR14.9(b)(ii)]**

8.1.2.2.2 as soon as reasonably possible after the Trust receives the cash proceeds ("**Realised Proceeds**") from the sale of the Trust Shares linked to the Vested Units, but by no later than 10 Business Days thereafter, the Trustees shall remit an amount equal to the Realised Proceeds, less any amount which the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from a Redemption of the Vested Units (as contemplated in paragraph 5.4 of these Scheme Rules as read with paragraph 9.3 of these Scheme Rules), to the relevant Participant into such bank account as such Participant nominates, in writing, for such purpose; and **[LR14.1(d)(i) & LR14.1(d)(ii)]**

8.1.2.3 upon Redemption of the Vested Units, the Vested Units will be cancelled and the relevant Participant will have no further rights whatsoever in respect of such Vested Units.

9 TAXES

9.1 Any and all Taxes incurred or arising from –

9.1.1 any Forfeiture or Redemption of Units in terms of paragraphs 6, 7 or 8 of these Scheme Rules; or

9.1.2 any benefits otherwise accruing to the Participant in terms of or pursuant to the Trust Deed,

shall be for the account of the relevant Participant/s to whom the resulting payment or transfer will be made or to whom the relevant Tax liability is attributable, regardless of whether the relevant Tax liability is legally imposed on any Member of the Founder Group, the Trust or the relevant Participant/s. The Trustees shall procure that each Participant signs and executes an indemnity before any Units are allocated to such Participant.

- 9.2 The Trustees shall correctly apportion any Tax liability envisaged in paragraph 9.1 above to the relevant Participants to whom payments or transfers will be made, or who will derive the relevant benefits, and the resulting payment or transfer shall, notwithstanding any provision to the contrary contained herein, be made to the Participant net of the *pro rata* amount of such Tax liability.
- 9.3 In order to pay any amount that the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from any Forfeiture or Redemption of Units held by a Participant or any benefits otherwise accruing to such Participant pursuant to the Trust Deed and these Scheme Rules, the Trustees shall be entitled, without the prior written consent of, or notification to, such Participant, to Sell a portion of the Trust Shares linked to Units held by such Participant through the market or otherwise, unless the Board specifically directs the Trustees, in writing, to Sell such Trust Shares linked to Units held by such Participant to Italtile Ceramics for an amount equal to the Market Value thereof, in which case such Trust Shares held by, and registered in the name of, the Trust shall be sold by the Trustees to Italtile Ceramics. **[LR14.9(b)]**

10 **RIGHTS OFFERS, CAPITALISATION ISSUES AND OTHER CORPORATE EVENTS** **[LR14.1(G)]**

- 10.1 Trust Shares linked to Units allocated to Participants shall rank *pari passu* with the Founder Shares for participation in all rights offers of Founder Shares or other securities by the Founder. In the event of a rights offer by the Founder, the Trustees shall immediately notify the Participants, in writing, of such rights offer and each Participant shall be entitled, but not obliged, to request the Trustees to renounce (insofar as such rights are renounceable) such rights in favour of the Participant for purposes of the Participant, in his personal capacity and not in his capacity as a Participant, following the rights accruing to Trust Shares linked to his Units. Any Founder Shares acquired by a Participant pursuant to a rights offer as contemplated in this paragraph 10.1 shall not be Trust Shares and shall not be subject to the provisions of the Trust Deed. **[LR14.1(e)]**
- 10.2 Trust Shares linked to Units allocated to Participants shall in all respects rank *pari passu* with all issued Founder Shares, including in respect of participation in capitalisation issues; provided that Founder Shares allotted and issued by way of a capitalisation by the Founder in respect of Trust Shares linked to Units shall be deemed to be Trust Shares, shall be subject to the provisions of the Trust Deed and

the number of Units allocated to the Participants shall be adjusted accordingly.
[LR14.1(e)]

11 MERGERS AND TAKEOVERS

11.1 If a Takeover occurs or the Founder is affected by any Amalgamation or Merger prior to the expiration of any Retention Period, the Trustees and the Board will consider the interests of the Participants and shall, acting fairly, reasonably and objectively and, without limiting their discretion, may make such adjustments to the Trust Deed as they consider appropriate in the circumstances (which adjustments shall be binding on the Participants, the Trustees, the Founder and the Board, as applicable, without the need for any formal variation, but subject to the provisions of clause 29 of the Trust Deed) in order to - **[LR 14.1(g)]**

11.1.1 place the Participants in a proportionally comparable position to that which they were in prior to such Takeover, Amalgamation or Merger having occurred;
or

11.1.2 place the Participants in a proportionally comparable position to that of the Founder's shareholders pursuant to the occurrence of a Takeover, Amalgamation or Merger.

SCHEDULE 1 - FORM OF OFFER NOTICE

FROM:

The Trustees of the Italtile Staff Share Scheme Trust

TO:

[Name of Offeree] [Identity number of Offeree]

Date: [●]

Dear [●],

OFFER NOTICE TO BE ALLOCATED UNITS IN TERMS OF THE TRUST DEED ("TRUST DEED") OF THE ITALTILE STAFF SHARE SCHEME TRUST (THE "TRUST")

1 INTRODUCTION

- 1.1 Capitalised terms used herein shall, unless otherwise indicated by the context, bear the meaning assigned thereto in the Trust Deed.
- 1.2 A copy of the Trust Deed including the Scheme Rules is annexed hereto as **Appendix 1** and a copy of the salient terms applicable to the Trust Deed is annexed hereto as **Appendix 2**.
- 1.3 In terms of the provisions of the Trust Deed –
- 1.3.1 the Remuneration Committee, on the advice of the relevant Founder Group Company, shall be entitled from time to time to identify Eligible Persons ("**Offerees**") to be made an offer by the Trustees for purposes of participating in the scheme embodied in the Trust Deed; and
- 1.3.2 upon identification of Eligible Persons, the Remuneration Committee shall deliver a written directive to the Trustees advising them, in respect of each Offeree –
- 1.3.2.1 the identity of the Offeree to be made an Offer;
- 1.3.2.2 the Retention Award provided to the Trust to acquire the Trust Shares forming the subject matter of the Offer;

- 1.3.2.3 the number of Units forming the subject matter of the Offer;
- 1.3.2.4 the fact that the Units forming the subject matter of the Offer will be allocated to the Offeree for no consideration; and
- 1.3.2.5 the number of Trust Shares to be linked to the Units forming the subject matter of the Offer.
- 1.4 You, in your capacity as [●] **[insert designation of relevant Offeree, namely whether such Offeree is a Category 1 Existing Eligible Employee, a Category 2 Existing Eligible Employee or a New Eligible Employee]** of [●] **[specify relevant Founder Group Company who employs the relevant Offeree]** have been identified and selected by the Remuneration Committee, on the advice of **[specify relevant Founder Group Company who employs the relevant Offeree]**, as an Offeree for purposes of participation in the scheme embodied in the Trust.

2 TERMS OF THE OFFER

- 2.1 The Trustees hereby offer you, in your capacity as an Offeree, [●] **[number of Units to be specified]** Units ("**Offer Units**") which shall be allocated to you, for no consideration ("**Offer**").
- 2.2 If this Offer is accepted by you and you have delivered, and the Trustees have received, an Acceptance Notice timeously, subject to the provisions of paragraph 2.5 of the Scheme Rules, a cash amount of R[●] **[amount to be specified]** will be contributed by [●] **[name of relevant Founder Group Company to be inserted herein]**, on a non-refundable basis, to the Trust, which cash amount shall be utilised by the Trustees to acquire [●] **[number of Trust Shares to be specified which will equal in number, the number of Offer Units]** Trust Shares ("**Designated Trust Shares**"). Such Designated Trust Shares shall be linked to the Offer Units forming the subject matter of this Offer.
- 2.3 This Offer shall be capable of acceptance by you for a period of 20 Business Days from date of receipt of this notice ("**Offer Period**"). Should you fail to accept this Offer within the Offer Period, this Offer shall lapse and be of no further force or effect.

2.4 Should you wish to accept this Offer, kindly deliver to the Trustees a signed copy of the Acceptance Notice in the form annexed hereto as **Appendix 3** within the Offer Period.

2.5 Subject to your written acceptance of this Offer, in the prescribed manner set out in **Appendix 3**, you shall, with effect from the Allocation Date -

2.5.1 be allocated the Offer Units for no consideration;

2.5.2 become a Participant of the scheme embodied in the Trust Deed; and

2.5.3 be bound by the terms and conditions of the Trust Deed.

3 Italtile Limited thanks you for your contribution to the growth and sustainability of the Founder Group.

Yours faithfully

[Name of Trustee]

Duly Authorised

SCHEDULE 2- FORM OF ACCEPTANCE NOTICE

FROM:

[Name of Offeree] [Identity Number of Offeree]

TO:

The Trustees of the Italtile Staff Share Scheme Trust

Date: [●]

Dear Sirs,

ACCEPTANCE OF OFFER TO ACQUIRE UNITS IN TERMS OF THE TRUST DEED ("TRUST DEED") OF THE ITALTILE STAFF SHARE SCHEME TRUST (THE "TRUST")

1 INTRODUCTION

1.1 Capitalised terms used herein shall, unless otherwise indicated by the context, bear the meaning assigned thereto in the Trust Deed.

1.2 Whereas -

1.2.1 on [●] [date of the Offer Notice to be inserted herein] I, in my capacity as an Offeree, received an Offer Notice from the Trustees;

1.2.2 in terms of the Offer Notice referenced in paragraph 1.2.1 above, I was offered [●] [number of Units to be specified] Units ("**Offer Units**") with no consideration payable for the allocation of such Offer Units (the "**Offer**"); and

1.2.3 I am desirous of accepting this Offer.

2 ACCEPTANCE

2.1 I hereby irrevocably and unconditionally accept the Offer and acknowledge that no consideration will be payable by me to the Trust for the allocation of the Offer Units forming the subject matter of this Offer.

2.2 Accordingly, with effect from the Allocation Date, being the date on which the Offer Units are allocated to me, I hereby unconditionally and irrevocably agree to adhere

to and be bound by the provisions of the Trust Deed including the Scheme Rules in accordance with the terms thereof.

2.3 I further acknowledge that, -

2.3.1 I have received a copy of, and have read and understood the terms of, the Trust Deed including the Scheme Rules and further undertake to timeously provide the Trustees with all relevant information as may be reasonably requested by the Trustees from time to time in order to enable them to comply with their duties in terms of the Trust Deed, including the relevant information contemplated in clause 19 of the Trust Deed; and

2.3.2 the Trustees are obliged to procure that employees' tax as provided for in the Fourth Schedule of the Income Tax Act, payable in relation to the Units allocated to me in terms of the Trust Deed, if any, will be deducted from the amount payable to me in terms of the Trust Deed and paid to the South African Revenue Service and shall procure the compliance with other relevant provisions of the Income Tax Act.

3 INDEMNITY

With effect from the Allocation Date, being the date on which the Offer Units are allocated to me, I hereby indemnify each of the Trust and any Member of the Founder Group against any and all relevant Tax liability which any of them may incur resulting from any Forfeiture or Redemption of Units in terms of the Trust Deed and any benefits otherwise accruing to me, in my capacity as a Participant, in terms of or pursuant to the Trust Deed.

4 SPOUSAL CONSENT

[Note: Offeree to delete this paragraph 4 to the extent that it is not applicable]

4.1 I hereby acknowledge that, as at the date of this Acceptance Notice, I am a party to a marriage which is subject to the community of property regime and that my spouse has consented, in writing, to me accepting the Offer.

4.2 In this regard, I attach hereto as **Appendix 1** a copy of the spousal consent referred to in paragraph 4.1 above, duly signed, witnessed and dated.

5 **BENEFITS**

To the extent that benefits are expressed as being conferred by me to any Person, other than the Trust, in terms of paragraph 3 above, the provisions of paragraph 3 shall be a stipulation for the benefit of any such Person and shall be capable of acceptance by written notice to that effect given by such Person to me, at any time.

Yours faithfully

[Name of Offeree]

APPENDIX 1- FORM OF SPOUSAL CONSENT

SPOUSAL CONSENT IN TERMS OF SECTION 15(3) OF THE MATRIMONIAL PROPERTY ACT 88 OF 1984, AS AMENDED (THE "ACT") FOR [INSERT NAME OF RELEVANT OFFEREE] TO BE ALLOCATED UNITS IN TERMS OF THE TRUST DEED ("TRUST DEED") OF THE ITALILE STAFF SHARE SCHEME TRUST (THE "TRUST")

1 INTRODUCTION

1.1 Capitalised terms used herein shall, unless otherwise indicated by the context, bear the meaning assigned thereto in the Trust Deed.

1.2 Whereas -

1.2.1 On **[insert date of the Offer Notice]**, my spouse **[insert name of relevant Offeree]**, in **[his/her]** capacity as an Offeree, received an Offer Notice from the Trustees, a copy of which has been provided to me;

1.2.2 in terms of the Offer Notice referenced in paragraph 1.2.1 above, my spouse was offered **[insert number of Units]** Units ("**Offer Units**") for no consideration payable for the allocation of such Offer Units ("**Offer**");

1.2.3 my spouse is desirous of accepting the Offer; and

1.2.4 as at the date of this spousal consent, **[insert name of relevant Offeree]** and I are married to each other, in community of property, and consequently, pursuant to the provisions of, *inter alia*, section 15 (3) of the Act, my spouse cannot, without obtaining my written consent, accept the Offer.

2 CONSENT AND CONFIRMATION

2.1 I, **[insert name]** (identity number **[insert identity number]**), the spouse of **[insert name of Offeree]**, and married to **[him/her]** in community of property, hereby, for the benefit of the Trust, the Founder and each Member of the Founder Group, and with effect from the date of signature of this spousal consent -

2.1.1 acknowledge and confirm that -

- 2.1.1.1 I am aware of **[insert name of relevant Offeree]**'s desire to accept the Offer; and
- 2.1.1.2 I have been provided with a copy of the Trust Deed, the Scheme Rules as well as the Offer Notice and I am satisfied with the terms thereof; and
- 2.1.2 consent, to the extent required in terms of section 15(3) of the Act or otherwise, to **[insert name of relevant Offeree]** accepting the Offer on the terms contained therein.

3 **AFFIRMATION**

For the avoidance of doubt, the acknowledgements, consents and confirmations given in this document are limited only to the matters stated herein and also only to the extent that those matters are described in this document.

4 **GENERAL**

The provisions of paragraph 2 of this document constitute a stipulation for the benefit of the Founder and each Member of the Founder Group, which is capable of acceptance by any one of them at any time.

*****signature pages to follow*****

Signed at

on

2022

**[INSERT NAME OF OFFEREE'S
SPOUSE]**

Identity Number: **[INSERT RELEVANT
IDENTITY NUMBER]**

As Witness:

Name of Witness:

Identity Number:

As Witness:

Name of Witness:

Identity Number:

SCHEDULE 3- FORM OF REDEMPTION NOTICE

FROM:

The Trustees of the Italtile Staff Share Scheme Trust

TO:

[Name of Participant] [Identity number of Participant]

Date: [●]

Dear [●],

REDEMPTION NOTICE IN TERMS OF THE TRUST DEED ("TRUST DEED") OF THE ITALTILE STAFF SHARE SCHEME TRUST (THE "TRUST")

- 1 Capitalised terms used herein shall, unless otherwise indicated by the context, bear the meaning assigned thereto in the Trust Deed.
- 2 Pursuant to the Trustee's timeous receipt of your Acceptance Notice, on 31 March [insert relevant year in which the Participant was allocated Units linked to Trust Shares] you, in your capacity as a Participant, were allocated [insert number of Units linked to Trust Shares] Units linked to Trust Shares ("**Allocated Units**").
- 3 In this regard, pursuant to the provisions of the Scheme Rules, the Trustees hereby notify you, in your capacity as a Participant, that -

3.1

[Option 1 - to be utilised where Redemption of the Units is to occur as a result of the expiry of the Retention Period]

[the Retention Period applicable to you has expired and accordingly, each of the Allocated Units ("**Vested Units**") are subject to Redemption and will be Redeemed in accordance with the provisions of the Trust Deed, as read with the Scheme Rules]

OR

[Option 2 - to be utilised where Redemption of the Units is to occur as a result of the occurrence of a Good Leaver Trigger Event]

- [your employment with the Founder Group has terminated prior to the expiration of the Retention Period applicable to you in circumstances which constitute a Good Leaver Trigger Event. In this regard, you have only completed **[insert]** months of the **[24 /36] [note: Trustees are to select the applicable Retention Period]** months applicable to your Retention Period, and consequently, only **[insert number of Units which are subject to Redemption by applying the formula at paragraph 7.2.1 of the Scheme Rules]** of the Allocated Units ("Vested Units") are subject to Redemption in accordance with the provisions of the Trust Deed and the Scheme Rules. In addition, in accordance with the provisions of paragraph 7.2.3 of the Scheme Rules, all remaining Allocated Units, being **[insert number of Allocated Units which are subject to Forfeiture]** Units, which are not subject to Redemption shall be automatically Forfeited in accordance with paragraph 7.3 of the Scheme Rules];
- 3.2 the aggregate sum of all of the Retained Dividend Income accrued in respect of the Trust Shares linked to your Allocated Units, and which has been retained by the Trust for and on your behalf, is R**[insert]**;
- 3.3 the aggregate amount of the Tax liability which the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from the Redemption of your Vested Units is an amount of R**[insert]**;
- 3.4 unless the Trustees receive a Request Notice from you within 5 Business Days from the date of delivery of this Redemption Notice, the Trustees shall, subject to the provisions of paragraph 5.4as read with 9.3 of the Scheme Rules, procure the transfer of such number of Trust Shares linked to the Vested Units to you for no consideration; and
- 3.5 should you wish for the Trustees to procure the Disposal of the Trust Shares linked to your Vested Units, for and on your behalf, in order to enable you to receive the cash proceeds realised from the Disposal thereof in accordance with the provisions of the Scheme Rules, you are required to deliver a Request Notice, duly signed, to the Trustees substantially in the form set out in **Appendix 1** attached hereto within 5 Business Days from the date of delivery of this Redemption Notice.

4 Kindly take note that -

4.1 upon Redemption of the Vested Units, the Vested Units will be cancelled and you will have no further rights whatsoever in respect of such Vested Units; and

4.2 to the extent that the aggregate amount of the Retained Dividend Income is insufficient to fully and finally settle any amount that the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from any Forfeiture or Redemption of Units held by you, then in such instance, the Trustees will be entitled, without the prior written consent of, or notification to, you, to sell a portion of the Trust Shares linked to your Vested Units through the market or otherwise to settle such Tax liability, unless the Board specifically directs the Trustees, in writing, to Dispose of such Trust Shares linked to your Vested Units to Italtile Ceramics for an amount equal to the Market Value (as such term is defined in paragraph 1.2.31 of the Scheme Rules) thereof, in which case, such Trust Shares held by, and registered in the name of, the Trust shall be sold by the Trustees to Italtile Ceramics for a price equal to the Market Value thereof, to settle such Tax liability.

5 Italtile Limited thanks you for your contribution to the growth and sustainability of the Founder Group.

Yours faithfully

[Name of Trustee]

Duly Authorised

SCHEDULE 4- FORM OF REQUEST NOTICE

FROM:

[Name of Participant] [Identity Number of Participant]

TO:

The Trustees of the Italtile Staff Share Scheme Trust

Date: [●]

Dear Sirs,

REQUEST NOTICE IN TERMS OF THE TRUST DEED ("TRUST DEED ") OF THE ITALTILE STAFF SHARE SCHEME TRUST (THE "TRUST")

1 INTRODUCTION

1.1 Capitalised terms used herein shall, unless otherwise indicated by the context, bear the meaning assigned thereto in the Trust Deed as read with the Redemption Notice provided by the Trustees to me, in my capacity as a Participant, on **[insert relevant date]** ("**Redemption Notice**").

1.2 Whereas -

1.2.1 on **[●] [date of delivery of the Redemption Notice to be inserted herein]** I, in my capacity as a Participant, received a Redemption Notice from the Trustees;

1.2.2 in terms of the Redemption Notice, I was informed that, *inter alia* -

1.2.2.1 all of the Vested Units as specified in the Redemption Notice are subject to Redemption; and

1.2.2.2 to the extent that I wish for the Trustees to Dispose of the Trust Shares linked to my Vested Units, for and on my behalf, in order to enable me to receive the cash proceeds realised from the Disposal thereof, I am required to deliver this Request Notice, duly signed, to the Trustees within 5 Business Days from the date of delivery of the Redemption Notice.

2 REQUEST

2.1 I hereby authorise and instruct the Trustees, acting for and on my behalf, to procure the Disposal of the Trust Shares linked to my Vested Units through the market or otherwise, unless the Trustees have been directed by the Board in writing after receipt of this Request Notice, to Dispose of such Trust Shares linked to my Vested Units to Italtile Ceramics for a price equal to the Market Value (as such term is defined in paragraph 1.2.31 of the Scheme Rules) thereof, in which case, such Trust Shares held by, and registered in the name of, the Trust shall be sold by the Trustees to Italtile Ceramics for a price equal to the Market Value thereof.

Subject to Applicable Law, and as soon as reasonably possible after the Trust has received the cash proceeds from the sale of the Trust Shares linked to my Vested Units, but by no later than 10 Business Days thereafter, I hereby request that the Trustees transfer an amount equal to the cash proceeds realised pursuant to such Disposal, less all applicable Taxes which are payable arising from the Redemption of my Vested Units and which the Trustees are obliged to account for, withhold or deduct, as a result of such Redemption, into the bank account which is utilised by **[insert relevant name of the Founder Group Company who employs the Participant]** for the purposes of remitting my monthly salary.

3 ACKNOWLEDGEMENTS

I further acknowledge that to the extent that the aggregate amount of the Retained Dividend Income is insufficient to fully and finally settle any amount that the Trustees are obliged to account for, withhold or deduct in respect of any Taxes arising from any Redemption of Units held by me, then in such instance, the Trustees will be entitled, without the prior written consent of, or notification to, me, to sell a portion of the Trust Shares linked to my Vested Units through the market or otherwise to settle such Tax liability, unless the Board specifically directs the Trustees, in writing, to Dispose of such Trust Shares linked to my Vested Units to Italtile Ceramics for an amount equal to the Market Value thereof, in which case, such Trust Shares held by, and registered in the name of, the Trust shall be sold by the Trustees to Italtile Ceramics for a price equal to the Market Value thereof, to settle such Tax liability.

Yours faithfully

[Name of Participant]