

**REPUBLIC OF SOUTH AFRICA**

**COMPANIES ACT, 71 OF 2008**

**MEMORANDUM OF INCORPORATION OF A PUBLIC COMPANY**

Name of company: **GRINDROD LIMITED**

Registration no.: **1966/009846/06**

This Memorandum of Incorporation was adopted by special resolution of the shareholders of the Company passed on [\[•\]25 May 2023](#), in substitution for the existing memorandum of incorporation of the Company.

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## **DEFINITIONS AND INTERPRETATION**

In this Memorandum of Incorporation, including Annexure “A” hereto, unless the context otherwise requires:

- (a) “Act” means the Companies Act 71 of 2008, as amended ~~from time to time~~;
- (b) “Board” means the board of directors of the Company, as it may be constituted from time to time;
- (c) “Business Day” means any day other than a Saturday, Sunday or officially designated public holiday in the Republic of South Africa;
- (d) “Company” means Grindrod Limited, registration no. 1966/009846/06, the company that has adopted and is governed by, this Memorandum of Incorporation;
- (e) “equity securities” has the meaning given to the term in the JSE Listings Requirements;
- (f) “JSE” means the ~~security securities~~ exchange operated by the JSE Limited, registration no. 2005/022939/06, as a licensed exchange under the ~~Securities Services~~ Financial Markets Act 36-19 of 2004~~2012, as amended~~;
- (g) “JSE Listings Requirements” means the Listings Rrequirements of the JSE;
- (h) “Memorandum of Incorporation” means this document, being the memorandum of incorporation of the Company, including Annexure “A” hereto;
- (i) “notice” includes circulars, abridged and full annual financial statements, quarterly and interim reports, listing particulars, dividend and interest notices and proxy forms;
- (j) “registered address” in relation to a shareholder means an electronic mail address, physical or postal address notified by a shareholder to the Company in terms of Article 3.1(1) hereof;
- (k) “Remuneration/Nomination Committee” means the remuneration/nomination committee of the Board, appointed in accordance with section 72 of the Act;
- (l) “writing” or “written” includes electronic communication (as the term is defined in the Act);

- (m) words that are defined in the Act bear the same meaning in this Memorandum of Incorporation as in the Act;
- (n) words importing any one gender shall include the other of masculine, feminine and neuter; and
- (o) the provisions contained in Annexure "A" hereto, form part of this Memorandum of Incorporation.

## **ARTICLE 1 – NATURE, POWERS AND GOVERNANCE OF THE COMPANY**

### **1.1 Nature**

The Company is a public company, as it is not a private company, a state-owned company or a personal liability company.

### **1.2 Powers of the Company**

- (1) The Company is not subject to any restrictive conditions or prohibitions, as contemplated in section 15(2)(b) and (c) of the Act.
- (2) As provided in section 19(1)(b) of the Act, the Company has all the legal powers and capacity of an individual except to the extent that:
  - (a) a juristic person is incapable of exercising any such power, or having any such capacity; or
  - (b) this Memorandum of Incorporation provides otherwise.

### **1.3 Governance**

- (1) The Company is governed by:
  - (a) the unalterable provisions of the Act, subject to any higher standard, greater restriction, longer period of time or any similarly more onerous requirement set out in this Memorandum of Incorporation; and

- (b) the alterable provisions of the Act, subject to any negation, restriction, limitation, qualification, extension or other alteration set out in this Memorandum of Incorporation; and
- (c) the provisions of this Memorandum of Incorporation.

#### 1.4 **Memorandum of Incorporation and rules**

- (1) ~~Any amendment to this Memorandum of Incorporation must be approved by a special resolution of the ordinary shareholders of the Company, save where such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act. For the avoidance of doubt, amendment includes, but is not limited to, the creation of any class of shares; the variation of any preferences, rights, limitations or other share terms attaching to any class of shares; the conversion of one class of shares into one or more other classes; the increase in the number of securities of a class; the consolidation of securities; the sub-division of securities; and a change of the name of the Company; and a conversion of shares from par value to no par value. [JSE Listings Requirements Sch 10: 10.5(d)]~~ All amendments to the Memorandum of Incorporation must be approved by the JSE before being submitted for shareholders' approval in terms of the Act. Amendments to this Memorandum of Incorporation must be approved by a special resolution of ordinary shareholders in terms of the Act. The required voting percentage of at least 75% of voting rights may not be amended in terms of section 65(10) of the Act. The application of section 36(3) of the Act is prohibited. [JSE Listings Requirements section 6.18; Sch 2, General]
- (2) If a proposed amendment to this Memorandum of Incorporation relates to the variation of any preferences, rights, limitations or other terms attaching to the preference shares of the Company (including, but not limited to, the creation of further securities ranking in priority to, or *pari passu* with, the preference shares), such amendment shall not be implemented without the sanction of a special resolution of the holders of the preference shares passed at a separate meeting of such holders ~~or passed by such holders in writing~~. In such instances, the holders of the preference shares shall be allowed to also vote at the meeting of the ordinary shareholders where the amendment to this Memorandum of Incorporation is proposed to be passed, subject to any applicable limitation on their voting rights. No resolution of the ordinary shareholders shall be proposed or passed, unless a special resolution, of the holders of the preference shares, have approved the amendment. [JSE Listings Requirements Sch 2: 1.6(b-10: 10.5(e) and (df)]

- ~~(3) The Company shall publish a notice of any alteration of this Memorandum of Incorporation by delivering a copy of the alteration to a registered address of each shareholder, which provided such an address.~~
- (34) The Board shall not have the authority power to make, amend or repeal rules ~~for the Company as contemplated~~ in ~~terms of~~ section 15(3) of the Act. *[JSE Listings Requirements Sch ~~240~~: 10.4]*

## **ARTICLE 2 – SECURITIES OF THE COMPANY**

### **2.1 General**

- (1) ~~Notwithstanding section 40(5) of the Act, s~~Securities of the Company for which listing on the JSE is sought shall be fully paid up and freely transferable, unless otherwise required by statute or at the discretion of the JSE. *[JSE Listings Requirements Sch ~~240~~: 10.2(a)]*
- (2) The following corporate actions may be taken only in accordance with section 6 of the JSE Listings Requirements:
- (a) the issue of shares for cash and options and convertible securities granted or issued for cash;
  - (b) the repurchase of the Company's securities; and
  - (c) the alteration of share capital, authorised shares and rights attaching to any class of shares.

*[JSE Listings Requirements Sch ~~240~~: 10.9]*

- (3) The Company shall not pay commission exceeding 10% to any person in consideration for their subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the Company. *[JSE Listings Requirements Sch ~~240~~: 10.154]*
- (4) The Company shall not be entitled to take any lien over any securities issued by it. *[JSE Listings Requirements Sch ~~240~~: 10.132]*

## 2.2 Shares

- (1) The Company is authorised to issue no more than the maximum number of ordinary shares and preference shares set out in Annexure "A" to this Memorandum of Incorporation, which ordinary shares and preference shares shall have the preferences, rights, limitations and other terms as set out in such annexure.
- (2) Notwithstanding sections 37(6) and 37(7) of the Act, the preferences, rights, limitations or other terms associated with any class of shares of the Company shall not vary in response to any objectively ascertainable external fact or facts. A proposal to shareholders of any resolution which would authorise such a variation is prohibited.  
*[JSE Listings Requirements Sch ~~240~~: 10.65(cg)]*
- (3) Any equity securities for the time being unissued (whether forming part of the original or any increased capital) shall, before issue, be first offered to all the existing holders of equity securities, as nearly as circumstances permit *pro rata* in proportion to their shareholdings, unless such securities are issued for the purpose of the acquisition of assets. Notwithstanding the above, the shareholders of the Company may authorise the Board to issue unissued securities and/or to grant options to subscribe for unissued securities as the Board in its discretion thinks fit, provided that any such transaction shall be subject to the JSE Listings Requirements ~~and approval of the JSE. No shareholder of the Company shall have any other pre-emptive right to be offered, and to subscribe for, additional securities of the Company.~~ *[JSE Listings Requirements Sch ~~240~~: 10.1]*
- (4) Shares of the Company are to be issued in dematerialised form.
- (5) Evidence of title of shares of the Company, the transfer of such shares and all matters concerning share transactions shall be in accordance with the JSE Listings Requirements, any other recognised stock exchange on which the shares of the Company may be listed from time to time and/or any other regulatory authority controlling the issue and transfer of securities. The Company shall have the power to conform with such requirements, including the power to settle all share transactions totally electronically or otherwise as may be so approved from time to time.
- (6) Any authority to sign a transfer deed, granted by a holder of shares for the purpose of transferring shares that may be lodged at any of the Company's transfer ~~offices~~ secretaries shall, as between the Company and the grantor of such authority, be deemed to continue and remain in full force and effect. The Company may allow such authority to be acted upon until express notice ~~in writing~~ of the revocation of such authority is lodged at the same transfer

~~office secretaries~~. Even after the lodgement of a notice of revocation of authority, the Company may give effect to any instruments signed under the authority and certified by any officer of the Company as being in order before the lodgement of such notice.

~~[JSE Listings Requirements Sch 210: 10.2(b)]~~

### **2.3 Debt instruments securities**

- (1) The granting of special privileges to holders of debt ~~instruments securities~~, such as attending and voting at shareholders meetings and the appointment of directors, is prohibited. ~~[JSE Listings Requirements Sch 210: 10.10]~~
- (2) Secured or unsecured debentures, debenture stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Any debentures, debenture stock, bond or other securities may be issued at a discount, premium or otherwise.

### **2.4 Capitalisation shares**

The Board may issue capitalisation shares (including offering a cash payment in lieu of awarding a capitalisation share) in accordance with the provisions of section 47 of the Act.

~~[JSE Listings Requirements Sch 10: 10.6]~~

### **2.5 Odd lot offers**

- ~~(1) In order to reduce the administrative costs associated with a large number of odd lot holders, the Company may implement an odd lot offer in accordance with the JSE Listings Requirements.~~
- ~~(2) The Company's odd lot offer may include a deemed acceptance mechanism pursuant to which, if a holder of an odd lot holding fails to make an election within the period specified in the circular, such holder shall be deemed to have elected the default action specified in the circular.~~
- ~~(3) Any odd lot offer and deemed acceptance mechanism will be subject to approval by shareholders in general meeting and be implemented strictly in accordance with the JSE corporate action timetables and the JSE Listings Requirements. [JSE Listings Requirements ~~paragraph section~~ 7.41 – 7.48, JSE Listings Requirements Sch 2: 1.7]~~

## **ARTICLE 3 – SHAREHOLDERS**

### **3.1 Notices**

- (1) Each holder of registered shares (or its agent) shall notify the Company in writing of an electronic mail address, and a physical or postal address, each of which shall be deemed to be such person's registered address within the meaning of this Memorandum of Incorporation, and such person shall be deemed to have waived its right to be served with any notice from the Company until it provides the Company with such address.  
*[JSE Listings Requirements Sch ~~210~~: 10.18]*
- (2) The Company may give notices by personal delivery, by sending them prepaid through the post or by transmitting them by electronic communication. The Company must give notice of availability of a document, record or statement to the holder of registered shares either to its last known electronic mail address, physical or postal address.
- (3) Any holder of registered shares which has furnished an electronic mail address to the Company, by doing so:
  - (a) authorises the Company to use electronic communication to give notices or notices of availability of the foregoing to it; and
  - (b) confirms that same can conveniently be printed within a reasonable time and at a reasonable cost.
- (4) The Company shall not be held liable in any manner whatsoever for any notice delivered or deemed to have been delivered to the incorrect registered address, where such address was given to the Company by the holder of any shares (or its agent).
- (5) Every person who, by operation of law, transfer or other means whatsoever becomes entitled to any share, shall be bound by every notice in respect of such share which, previously to its name and address being entered in the register, shall have been given to the person from whom the transferee derives its title to such share.
- (6) All notices may, with respect to any registered shares to which persons are jointly entitled, be given to whichever of such persons is named first on the register and notice so given shall be sufficient notice to all the holders of such shares.

- (7) A holder of registered shares (or his executor) shall be bound by every notice delivered to him, notwithstanding that he may then have been deceased or may subsequently have died or have been or become otherwise incapable of acting in respect of his shares, whether or not any transfer of his shares was registered at that date.
- (8) Any notice required to be given by the Company to shareholders, and in respect of which the Act or the JSE Listings Requirements does not expressly prohibit the provisions of this Article from applying, shall be sufficiently given by posting it on the Company's website until at least the date when the event to which the notice refers occurs, provided that the Company gives a notice similar to a notice of availability in the manner contemplated in Article 3.1(2) above.
- (9) The signature to any notice given by the Company may be written, printed, partly written and partly printed or may be an advanced electronic signature (as defined in section 1 of the Electronic Communications and Transactions Act 25 of 2002, as amended).

### **3.2 Proxies, powers of attorney and representatives**

- (1) The holder of a letter of representation in terms of which such holder is appointed by a shareholder that is a juristic person to be the representative of such juristic person, shall be entitled to vote if duly authorised under that letter of representation to attend and take part in any meeting or proceeding of the Company, whether or not he is himself a shareholder of the Company.
- (2) A shareholder (or his agent) shall deliver to the Company a copy of the instrument appointing a proxy, general or special power of attorney, or a letter of representation before the person named therein may exercise the shareholder's rights at a shareholders meeting. Any instrument appointing a proxy (and the power of attorney, if any, under which it is signed, or a notarially certified copy thereof), general or special power of attorney, or letter of representation, shall be delivered to the registered address of the Company before the time for the holding of the meeting at which the person named in such instrument, power or letter purports to attend or vote, failing which the instrument, power or letter shall be treated as invalid for the purpose of attending or voting at that meeting.
- (3) A vote in accordance with the terms of an instrument of proxy, a power of attorney or a letter of representation shall be valid notwithstanding the previous death of the principal (if applicable); revocation of the proxy, power or letter of representation; or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer shall have been received at the registered address of the Company or by the chair of the meeting before the vote is given.

- (4) An instrument appointing a proxy, general or special power of attorney, or letter of representation shall be in any form approved by the Board. The Board may, in its discretion, permit the acceptance of such instruments, powers or letters transmitted by shareholders of the Company by electronic mail, according to such directions as may be issued by the Board.

### ~~3.3 Record date for exercise of shareholder rights~~

~~The record date for all transactions shall be as set out in the JSE Listing Requirements. [JSE Listings Requirements Sch 10: 10.15]~~

## **ARTICLE 4 – SHAREHOLDERS MEETINGS**

### **4.1 General**

- (1) The date and time of any shareholders meeting shall be determined by the Board.
- (2) The chair of the Board or, in his absence, the lead independent non-executive director (if any) shall chair every shareholders' meeting. If there is no chair of the Board or lead independent non-executive director, or if at any meeting he is not present within 10 minutes after the time appointed for holding the meeting or he is unwilling to act, the other directors may choose a chair of the meeting and, in default of their doing so, the shareholders present shall choose one of the directors to be the chair and, if no director present be willing to take the chair, shall choose one of their number to be the chair.
- (3) Notwithstanding anything to the contrary contained in the Act or this Memorandum of Incorporation, all shareholders meetings that are called for in terms of the JSE Listings Requirements shall be held in person, or in such a manner which allows the shareholders to participate in the meeting by means of electronic communication in the manner contemplated in section 63(2) of the Act, and shall not be held by means of a written resolution as contemplated in section 60 of the Act, save that the following resolutions may be proposed and passed as written resolutions in terms of section 60 of the Act:
  - (a) a change of name;
  - (b) odd lot offers;
  - (c) an increase in authorised share capital; and
  - (d) approval of amendments to this Memorandum of Incorporation.

*[JSE Listings Requirements Sch 210: 10.12(a)-(e) and (d)]*

#### **4.2 Notice of shareholders meetings**

~~(23) Notice of each shareholders meeting shall be delivered to each person entitled to vote at such meeting at least 15 Business Days before the date of the meeting. [JSE Listings Requirements Sch 10: 10.11(a), (b) and (e)]~~

~~(2) As provided for in section 63(6) of the Act, the accidental omission to give notice of any meeting to any shareholder shall not invalidate any resolution passed at such meeting.~~

~~(3) Notice of each shareholders meeting shall be sent to the Manager (Issuer Regulations) of the JSE at the same time as notice of the meeting is sent to the shareholders of the Company. Such notice shall also be announced through the official news service of the JSE. [JSE Listings Requirements Sch 10: 10.11(f)]~~

#### **4.23 Quorum for shareholders meetings**

~~(1) The quorum requirement for a shareholders meeting is as prescribed by the Act, provided that no lower percentage may be provided for in terms of section 64(2) of the Act. to begin, and for any matter to be decided at that meeting, is sufficient persons present at the meeting (in person or by proxy) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting or the matter at hand, as the case may be; provided that there shall not be a quorum unless there are at least three shareholders present at such meeting. [JSE Listings Requirements Sch 210: 10.11(g)]~~

(2) Notwithstanding anything to the contrary contained in the Act, once a quorum for the meeting has been established, all the shareholders forming the quorum must be present at every matter that is considered at the meeting.

(3) A shareholder of the Company which is a juristic person as defined in the Act and is present at a shareholders' meeting by an authorised representative shall be deemed to be present at that meeting.

**4.34 Adjournment of shareholders meetings**

- (1) The chair of a shareholders meeting may, with the consent of the meeting and if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (2) No business shall be transacted at any adjourned shareholders meeting of the Company other than business left unfinished at the meeting from which the adjournment took place.

**4.45 Votes of shareholders**

- (1) A resolution put to the vote of any shareholders meeting shall be decided on poll taken in such manner as the chair of the meeting directs. The result of the poll shall be deemed to be a resolution of the meeting.
- (2) Subject to the Act and any special terms or restrictions as to voting upon which any shares may be issued (in this regard, refer to Annexure "A" hereto), upon a poll every shareholder present or represented by proxy shall have one vote for every share held by it.
- (3) The parent or guardian of a minor, the *curator bonis* of a shareholder and any person becoming entitled to shares in consequence of the death or insolvency of a shareholder, may vote at any shareholders meeting as if he were the registered holder of the shares, provided that at least 48 hours before the time of holding the meeting (or adjourned meeting, as the case may be) at which the person proposes to vote, he shall satisfy the Board of the character in respect of which he proposes to act, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
- (4) Where there are joint registered holders of any share, or several executors or administrators of a deceased shareholder in whose sole name any shares stand, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share. If more than one of such joint holders, or executors or administrators, is present at any meeting, personally or by proxy, the person whose name stands first on the register in respect of such shares shall alone be entitled to vote in respect thereof.

**4.56 Shareholders resolutions**

- (1) For an ordinary resolution to be adopted by the shareholders of the Company, it must be supported by the holders of more than 50% of the voting rights exercised on the resolution.

- (2) For a special resolution to be adopted by the shareholders of the Company, it must be supported by the holders of at least 75% of the voting rights exercised on the resolution.

~~[JSE Listings Requirements Sch 10: 10.11(a)]~~

- (3) A special resolution adopted by the shareholders of the Company is not required for a matter to be determined by the Company, save for:

(a) those matters set out in the Act; and

(b) if the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the shareholders *in specie* any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the shareholders as the liquidators, with the like sanction, shall think fit and, if thought expedient, any such division may be otherwise than in accordance with the legal rights of the shareholders of the Company, and in particular, any class may be given preferential or special rights, or may be excluded altogether or in part; but in case ~~of~~ any division otherwise than in accordance with the legal rights of the shareholders shall be decided on, the provisions of the Act governing dissenting shareholders appraisal rights shall apply.

- (4) The proposal to shareholders of any resolution in terms of sections 20(2) ~~and 20(6)~~ of the Act is prohibited in the event that such a resolution would lead to the ratification of an act that is contrary to the JSE Listings Requirements, unless otherwise agreed with the JSE.

~~[JSE Listings Requirements Sch 240: 10.3]~~

## **ARTICLE 5 – DIRECTORS ~~AND OFFICERS~~ OF THE COMPANY**

### **5.1 Composition of the Board**

- (1) The Company shall have not less than five directors. Subject to the Act ~~and the JSE Listing Requirements~~, the shareholders of the Company may from time to time increase or decrease such minimum number of directors. ~~[JSE Listings Requirements Sch 10: 10.16(a)]~~

- (2) If the number of directors falls below the minimum set out above, the remaining directors shall as soon as possible, and in any event not later than three months from the date that the number of directors falls below the minimum, fill the vacancies on a temporary basis or call a shareholders' meeting for the purpose of filling the vacancies. The failure by the Company to have the minimum number of directors during such three month period does not limit or

negate the authority of the Board or invalidate anything done by the Board or the Company. After the expiry of the three month period, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling shareholders meetings. *[JSE Listings Requirements Sch 210: 10.16(bd)]*

(3) Any appointment by the Board of a director to fill a vacancy on the Board, shall be subject to confirmation by the shareholders at the next annual general meeting or other shareholders meeting, which approval shall not be given by written resolution. *[JSE Listings Requirements Sch 210: 10.16(ab)-and-(c)]*

(4) The election of directors of the Company shall take place at the annual general meeting of the Company or at any other shareholders meeting, but shall not be done by written resolution. The Board or the Remuneration/Nomination Committee of the Board shall recommend eligible directors, taking into account any past performance and contribution. *[JSE Listings Requirements sections 5.4 - 5.5; Sch 210: 10.16(ab)-and-(g)]*

(5) For the avoidance of doubt, any shareholder is entitled to nominate one or more persons for election as director, provided such nominations are submitted in the manner and within the timeframes specified in the notice of meeting, and subject only to statutory eligibility and disqualification requirements. [JSE Listings Requirements Sch 2: 1.16(a)]

(65) Each director shall have the power to appoint another person to act as an alternate director in his place, and at his discretion to remove such alternate and appoint another in his place, provided that the appointment of such alternate director shall be approved of by the Board, and provided further that any such appointment shall be confirmed at the next following annual general meeting, which approval shall not be given by written resolution. An alternate director whilst acting in the place of the director appointing him, shall exercise and discharge all the duties and functions of the director he represents as if he were a director and not as agent of the director appointing him. An alternate director shall look for his remuneration (if any) to the director appointing him and not to the Company unless the Company be instructed in writing by the director to pay any portion of his remuneration to such alternate director. The appointment of an alternate director shall be terminated, and the alternate shall cease to hold office whenever the director who appointed him shall cease to be a director, or shall give notice in writing to the company secretary that the alternate director representing him shall have ceased to do so. If a director retires at a general meeting of the Company and is re-elected at the same meeting he shall not, for the purpose of this Article, be deemed to have ceased to be a director.

(76) Life directorships and directorships for an indefinite period are prohibited. The periods of service of executive directors shall be governed by their employment contracts; subject in all cases to

~~this Memorandum of Incorporation and the JSE Listings Requirements, provided that no life directorships shall be permitted. [JSE Listings Requirements Sch 2: 1.16(f)]~~

- (87) At each annual general meeting of the Company or other shareholders meeting on an annual basis (and not by written resolution), one third of the non-executive directors for the time being or, if their number is not divisible by three, the number nearest to one third but not less than one third, shall retire from office. The non-executive directors to retire in each year shall be those who shall have been longest in office since their last election, but as between persons who were elected on the same day, those to retire shall, unless otherwise agreed amongst themselves, be determined by lot. ~~[JSE Listings Requirements Sch 10: 10.16(g) section 5.5]~~
- (98) In the event that the charter of the Board requires it, non-executive directors shall retire earlier than the date determined in accordance with Article 5.1(8) above, provided that such requirement shall apply equally to all non-executive directors.
- (109) A retiring non-executive director may be re-elected to the office of director.
- (110) If at any meeting at which an election of directors ought to take place, the places of the vacating directors are not filled up, the meeting shall stand adjourned until the same day in the next week, at the same time and place, or if that day is a public holiday, then the next succeeding day which is not a public holiday, and if at such adjourned meeting the places of the vacating directors are not filled up, the vacating directors, or such of them as have not had their places filled up, shall be deemed to have been re-elected at such adjourned meeting.
- (124) ~~Subject to the provisions of the Act~~In addition to sections 69 and 70 of the Act, the office of a director shall be vacated, and a vacancy shall arise, if a director: ~~ipso facto be vacated if he:~~
- ~~(a) becomes ineligible or disqualified to act as a director, as determined in accordance with the provisions of the Act;~~
  - ~~(ab) becomes insolvent,~~ suspends payment generally or compounds with his creditors, and thereby becomes ineligible or disqualified to serve as a director for purposes of section 69 of the Act;
  - ~~(c) becomes lunatic or of unsound mind;~~

~~(be) is determined by the Board, in accordance with section 71(3) and (4) of the Act, to have been negligent or derelict in the performance of the functions of director (which may include, without limitation, absence without leave from three consecutive Board meetings without being represented by an alternate director); or absents himself from three consecutive meetings of the Board, except on the Company's business, without special leave of absence from the Board and is not represented at any such meetings by an alternate director, and the Board resolves that his office be vacated;~~

~~(ce) resigns or retires from office;~~

~~(f) is removed from office by an ordinary resolution of the ordinary shareholders.~~

## 5.2 **Authority of the Board**

- (1) Except to the extent that this Memorandum of Incorporation provides otherwise, the authority of the Board to manage and direct the business and affairs of the Company is not limited or restricted.
- (2) All acts done at any meeting of the Board or of a committee of the Board, or by any person acting as a director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of such director or persons acting as aforesaid or that they or any of them were ineligible or disqualified to act as a director, shall be valid as if every such person had been duly appointed, eligible and qualified to be a director.

## 5.3 **Board Meetings**

- (1) The directors shall elect a chair of the Board and a lead independent non-executive director, annually, at the first Board meeting following the annual general meeting of the Company. If the chair is not available at any Board meeting, the lead independent non-executive director shall assume the chair. If at any Board meeting neither of them is present within 10 minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chair of the meeting. The chair of the meeting shall have a casting vote, save that if, at any time, the quorum of directors is two and only two directors are present at a meeting, then the chair shall not have a casting vote. *[JSE Listings Requirements Sch 210: 10.16(e)]*
- (2) A decision that could be voted on at a meeting of the Board may instead be adopted by written consent of a majority of the directors, given in person, or by electronic communication, provided that each director shall have received notice of the matter to be decided. Such

resolution inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of the Board. Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last director who signed it, unless a statement to the contrary is contained in the resolution.

*[JSE Listings Requirements Sch 10: 10.16(j)]*

#### **5.4 Directors' Compensation**

(1) Unless the Company by special resolution determines otherwise, the executive directors, who are remunerated for their services as employees of the Company, shall not be paid directors fees. The remuneration of the executive directors for their services as employees of the Company shall be determined by the Board upon the recommendation of its Remuneration/Nomination Committee. Such Committee shall approve the terms of the contracts of employment of executive directors before such contracts are concluded with the Company.

(2) A director may be employed in any other capacity in the Company; or as a director or employee of a company controlled by, or itself a subsidiary of, the Company. Any such appointment and remuneration shall be determined by a disinterested quorum of directors.

*[JSE Listings Requirements Sch 240: 10.16(ce)]*

(3) The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the Company, and in attending meetings of the Board or of committees thereof. If any director is required to perform extra services or to reside abroad, or shall be specifically occupied about the Company's business, such director shall be entitled to receive such remuneration as is determined by a disinterested quorum of directors, which may be either in addition to, or in substitution for, any other remuneration.

*[JSE Listings Requirements Sch 240: 10.16(df)]*

#### **5.5 Committees of the Board**

The authority of the Board to appoint committees of directors, and to delegate to any such committee any authority of the Board, as set out in section 72(1) of the Act, and to include in any such committee persons who are not directors, as set out in section 72(2)(a) of the Act, is not limited or restricted by this Memorandum of Incorporation.

**ARTICLE 6 – DIVIDENDS AND PAYMENTS TO SHAREHOLDERS**

- (1) Dividends shall be declared by the directors in accordance with the provisions of the Act and the JSE corporate action timetables. *[JSE Listings Requirements Sch ~~240~~: 10.17(a)]*
- (2) Each dividend shall be declared payable to shareholders registered as such on a date subsequent to the date of declaration of the dividend or the date of confirmation of the dividend, whichever is the later. ~~This date shall be known as the dividend date.~~ *[JSE Listings Requirements Sch ~~240~~: 10.17(b)]*
- (3) The Board may deduct from the dividends payable to any shareholder all such claims or sums of money which may be due from time to time to the Company on account of any debt.
- (4) The Board may from time to time determine that dividends owing to the shareholders amounting to less than such amount as is determined by the Board will not be paid, unless otherwise requested in writing by the shareholder, but will be suppressed and retained in the Company's unclaimed dividend account. Once any shareholder's accumulated suppressed dividends exceeds the amount so determined, such dividends will be paid to the shareholder.
- (5) No dividend shall bear interest against the Company.
- (6) All monies due to shareholders shall be held ~~in trust by the Company~~ until it is lawfully claimed by the relevant shareholders, subject to the laws of prescription. *[JSE Listings Requirements Sch ~~240~~: 10.17(c)]*
- (7) All payments to securities holders shall be made in accordance with the JSE Listings Requirements. *[JSE Listings Requirements Sch ~~240~~: 10.8]*

**ARTICLE 7 – CHANGE OF LAWS**

The provisions of this Memorandum of Incorporation have been drafted and adopted with the intention of complying with the Act and the JSE Listings Requirements. In the event that, at any time, the Act or the JSE Listings Rrequirements impose a less onerous obligation on the Company than provided for herein, such less onerous obligation shall be applicable to the Company notwithstanding the relevant provision of this Memorandum of Incorporation; provided that, at all times, the Company shall comply with both the Act and the JSE Listings Requirements.

## **AUTHORISED SHARES**

The Company is authorised to issue the following shares:

### **1. "ordinary shares"**

1.1 Maximum number of ordinary shares: 2 750 000 000 ~~(two billion seven hundred and fifty million).~~

1.2 The following terms shall attach to the ordinary shares of 0.002 cent each in the share capital of the Company:

1.2.1 ~~e~~Each ordinary share is identical to every other ordinary share and ranks *pari passu* with the other ordinary shares in respect of all rights including, but not limited to, with regards to:

1.2.1.1 voting on any matter to be decided by a vote of shareholders of the Company;

1.2.1.2 participating in any distribution of profit to the shareholders; and

1.2.1.3 sharing in the distribution of the Company's residual value upon the dissolution of the Company;

*[JSE Listings Requirements Sch 2: 1.5(a)]*

1.2.2 ~~e~~Every holder of an ordinary share shall have one vote in respect of each share that he or she holds and shall be entitled to vote at every shareholders meeting or annual general meeting of the Company in person or by proxy. *[JSE Listings Requirements Sch ~~210~~: 10.5(a) and (b)]*

### **2. "preference shares"**

2.1 Maximum number of preference shares: 20 000 000 ~~(twenty million).~~

2.2 The following terms shall attach to the cumulative, non-redeemable, non-participating, non-convertible preference shares of 0.031 cent each in the share capital of the Company:

2.2.1 For purposes of this item 2.2:

2.2.1.1 “issue price” means the actual issue price of each preference share, being the par value of the preference share plus the premium at which the preference share is allotted and issued;

2.2.1.2 “deemed value” means the deemed value of each preference share for purposes of calculation of the preference dividend during each dividend period, being the sum of:

2.2.1.2.1 an amount of R100.00 ~~(one hundred Rand)~~, notwithstanding the actual issue price of the preference share which may vary because of a difference in the premium at which the preference shares may be issued from time to time; plus

2.2.1.2.2 for any portion of that dividend period during which any arrear dividends remain unpaid in respect of that preference share, the amount of such arrear dividends;

2.2.1.3 “arrear dividend” means any preference dividend (or any portion thereof) payable in respect of a dividend period which, for any reason whatsoever, including the fact that the full amount thereof may not have been declared pursuant to item 2.2.2.15 below, is not paid by the expiry of the 120th day after the expiry of such dividend period, and remains unpaid;

2.2.1.4 “dividend period” means the period from the day following a preference dividend date until and including the next preference dividend date; provided that the first dividend period in respect of each tranche of preference shares issued, shall mean the period from the preference dividend date immediately preceding the winding-up of the Company up to and the date of return to the preference shareholder of the issue price and all arrear dividends in accordance with item 2.2.2.2 below;

2.2.1.5 “Income Tax Act” means the Income Tax Act 58 of 1962, as amended;

2.2.1.6 “prime rate” means the publicly quoted basic rate of interest (per cent, per annum) compounded monthly in arrears, calculated on a 365 (three hundred and sixty five) day year (irrespective of whether or not the year is a leap year) from time to time quoted by FirstRand Bank Limited (or its

successor) as being its prime overdraft rate, as certified by any manager of FirstRand Bank Limited (or its successor) whose appointment, authority and/or designation need not be proved, which certificate shall be prima facie proof of the contents thereof; provided that if the prime rate is discontinued or is no longer published or quoted by FirstRand Bank Limited (or its successor), or if the South African Reserve Bank discontinues or replaces the prime rate as a benchmark, the prime rate shall be such successor or replacement rate as may be determined by the Board acting reasonably, having regard to prevailing market practice for comparable instruments at that time;

2.2.1.7 “preference dividend” means a cumulative, non-participating preference dividend calculated in accordance with this item 2.2;

2.2.1.8 “preference dividend date” means 31 December and 30 June of each year;

2.2.1.9 “preference dividend payment date” means the date upon which any preference dividend payable will, if declared, be payable; provided that this item 2.2.1.9 shall not detract from the rights of the preference shareholders in terms of item 2.2.2.2 below to receive all preference dividends and arrear dividends prior to any payment of dividends to holders of any other class of shares not ranking prior to or pari passu with the preference shares;

2.2.1.10 “preference dividend rate” means the rate referred to in item 2.2.2.4 below; and

2.2.1.11 “preference shares” means the cumulative, non-redeemable, non-participating, non-convertible preference shares of 0.031 cent each in the share capital of the Company.

2.2.2 The following are the rights, privileges, restrictions and conditions, which attach to the preference shares and shall apply, notwithstanding anything to the contrary contained elsewhere in this Memorandum of Incorporation:

2.2.2.1 ~~t~~The issue price for each tranche of preference shares to be issued will be determined by the ~~directors~~ Board prior to the allotment thereof;

2.2.2.2 ~~e~~Each preference share is identical to every other preference share and ranks *pari passu* with the other preference shares in respect of all rights including,

but not limited to, with regard to dividends and repayment of capital on the winding-up of the Company, and shall rank prior to the ordinary shares and any other class of shares of the Company that do not rank prior to or *pari passu* with the preference shares. [\[JSE Listings Requirements Sch 2: 1.5\(a\)\]](#) Each preference share shall confer upon its holder the right of a return of capital on the winding-up of the Company of an amount equal to the sum of: (i) all arrear dividends in respect of that preference share, plus (ii) the preference dividend payable in respect of the last dividend period, plus (iii) an amount equal to the aggregate of the nominal value and premiums received by the Company in respect of all preference shares issued, divided by the number of preference shares issued:-

2.2.2.3 ~~e~~ Each preference share shall confer upon the holder thereof the right to receive out of the profits of the Company which it determines to distribute, the preference dividend calculated in terms of item 2.2.2.5 below, in priority to any payment of dividends or other distribution to the holders of any other class of shares in the share capital of the Company not ranking prior to or *pari passu* with the preference shares:-

2.2.2.4 ~~i~~ In respect of each tranche of preference shares issued, the preference dividend rate will be equal to a percentage of the prime rate determined by the ~~directors~~ [Board](#) at the time the Company offers to issue the preference shares concerned; provided that, notwithstanding any such determination, while there are any arrear dividends that remain unpaid, the preference dividend rate in respect of all preference shares will increase to 100% of the prime rate until there are no arrear dividends that remain unpaid:-

2.2.2.5 ~~t~~ The preference dividend payable per preference share in respect of each dividend period shall be calculated by:

2.2.2.5.1 multiplying the deemed value of that preference share by the preference dividend rate (determined on a 365-day year, irrespective of whether the year is a leap year or not), which shall be applied on a daily basis in arrear, for that dividend period;

2.2.2.5.2 aggregating all of the amounts calculated by such multiplication for each day of the dividend period; and

2.2.2.5.3 multiplying the aggregate amount referred to in item 2.2.2.5.2 above by 110% ~~(one hundred and ten percent)~~. Because the preference dividend rate is a percentage of the prime rate, the preference dividend rate applicable during any dividend period shall vary in accordance with any variations in the prime rate during that dividend period;

2.2.2.6 ~~t~~The preference dividends shall:

2.2.2.6.1 if declared, accrue on the date on which they are declared;

2.2.2.6.2 if declared, be payable by no later than the preference dividend payment date;

2.2.2.7 ~~a~~Any arrear dividend shall accumulate until the date of payment thereof and be paid by the Company in preference to payments to any other class of shares in the share capital of the Company not ranking prior to or *pari passu* with the preference shares;

2.2.2.8 ~~s~~Save as set out in items 2.2.2.2, 2.2.2.3 and 2.2.2.7 above, the preference shares shall not be entitled to any further participation in the profits or assets of the Company nor, on a winding-up, to any surplus assets of the Company;

2.2.2.9 ~~t~~The holders of the preference shares shall be entitled to receive notice of, and to be present, either in person or by proxy, at any meeting of the shareholders of the Company, but they shall not be entitled to vote at any such meeting, by virtue of or in respect of the preference shares, unless either or both of the following circumstances prevail at the date of the meeting:

2.2.2.9.1 any preference dividend or any part thereof has become an arrear dividend; or

2.2.2.9.2 a resolution of the Company is proposed which resolution directly affects the rights attached to the preference shares or the interests of the holders thereof, including, but not limited to, a resolution for the winding-up of the Company or for the reduction of its capital;

[JSE Listings Requirements Sch 240: 10.65(b) and (e)]

2.2.2.10 In the circumstances set out in 2.2.2.9 above, a preference shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the preference shares held by him bears to the aggregate amount of the nominal value of all shares issued by the Company; provided that if at a shareholders meeting the aggregate votes exercisable by all the preference shareholders present or represented at the meeting exceed 25% less one vote of the total votes exercisable by all shareholders present or represented at that meeting, a preference shareholder shall be entitled to the aforesaid proportion of the total votes at that meeting in respect of one-quarter only of his preference shares and, in respect of the other three-quarters, such lower proportion as will result in the total number of votes exercisable by all the preference shareholders being reduced to 25% less one vote of the aggregate votes exercisable at the meeting concerned; [JSE Listings Requirements Sch 240: 10.65(a)]

2.2.2.11 At a meeting of the holders of the preference shares, the provisions of this Memorandum of Incorporation relating to meetings of ordinary shareholders shall apply, *mutatis mutandis*, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of this Memorandum of Incorporation relating to adjourned shareholders meetings shall apply, *mutatis mutandis*;

2.2.2.12 If there is an amendment or amendments to the Income Tax Act which results in the preference dividends being taxable in the hands of the preference shareholders and which results in payment of the preference dividends becoming a deductible expense for the Company, provided such amendment is uniformly applicable to all corporate tax payers and not only because of the particular circumstances of the Company or any preference shareholder, the percentage of the prime rate referred to in item 2.2.2.4 above will be increased by the Company. Such increase will be limited to the extent that the Company incurs a reduced cost in servicing the preference shares, which cost savings it would not have obtained but for such amendments to the Income Tax Act. If such amendments to the Income Tax Act do not result in the Company incurring reduced costs in servicing the preference shares, then, notwithstanding that such amendment may result in a decrease in the after-tax returns of any preference shareholder on its holding of preference shares, no amendment shall be made to the

percentage of prime rate contemplated in item 2.2.2.4 above. The Company shall require its auditors to verify whether it is obliged to increase the preference dividend in accordance with this item 2.2.2.12 and, if so, the amount of the increase. The auditors in deciding on such increase shall act as experts and not as arbitrators or quasi-arbitrators and their decision shall, in the absence of manifest error, be final and binding on the Company and all preference shareholders. The costs of such auditors shall be borne and paid by the Company.:-

2.2.2.13 ~~t~~The prior consent of the holders of at least three-quarter of the preference shares represented either in person or by proxy at a meeting of the preference shareholders shall be required to alter the provisions of this item 2.2 and Article 1.4(2) of this Memorandum of Incorporation.:-

2.2.2.14 ~~a~~Any question relating to the termination of the listing of the preference shares on any stock exchange shall be deemed to constitute a modification of rights of the preference shares to which the provisions of Articles 1.4(1), 1.4(2) and 2.1(2)(c) shall apply.:-

2.2.2.15 ~~n~~Notwithstanding anything to the contrary contained in this item 2.2, the Company shall not be obliged to declare any preference dividend, but any failure by the Company to pay the preference dividend (whether declared or not) by the expiry of the 120th day after the expiry of the dividend period in respect of which it is calculated in terms of item 2.2.2.5 above, will result in the application of item 2.2.1.2.2, item 2.2.1.3 and the proviso to item 2.2.2.4.