



**Remuneration Committee**  
**Charter**

## Remuneration Committee Terms of Reference

### **1. Introduction**

The Remuneration Committee (the Committee) is constituted as a committee of the board of directors of Nampak Limited (the Company). The duties and responsibilities of the members of the Committee are in addition to those as members of the board.

The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

These terms of reference are subject to the provisions of the Companies Act 71 of 2008 (“the Companies Act”), the Company’s Memorandum of Incorporation and any other applicable law or regulatory provision.

### **2. Purpose of the terms of reference**

The purpose of these terms of reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

### **3. Composition**

The Committee comprises at least three non-executive directors, a majority of whom are independent non-executive directors.

Members of this Committee and its chairman are nominated by the board.

The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

### **4. Role**

The Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management.

The role of the Committee is to assist the board to ensure that :-

- The Company remunerates directors, executives, and prescribed officers fairly and responsibly; and
- The disclosure of director and prescribed officer remuneration is accurate, complete and transparent.

### **5. Responsibilities**

The Committee must perform all the functions necessary to fulfil its role as stated above and including the following:

### **Remuneration policy and report**

- a. To oversee the establishment of a Company remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- b. To ensure that the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once a year;
- c. To oversee the setting and administration of remuneration at all levels in the Company;
- d. To review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;
- e. Regularly review and objectively assess the appropriateness of the fixed to variable remuneration mix used in the Company to ensure alignment with the remuneration strategy;
- f. To oversee the preparation and recommending to the board the Remuneration Report, to be included in the integrated report, for whether it:
  - i. is accurate, complete and transparent;
  - ii. provides a clear explanation of how the remuneration policy has been implemented; and
  - iii. provides sufficient forward looking information for the shareholders to pass a special resolution in terms of section 66 (9) of the Companies Act.

### **General matters**

- a. Approve the overall annual general salary increase percentage for all employees;
- b. To ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- c. Approve the annual short-term incentive payments to all eligible employees;
- d. Approve the annual long-term incentive awards to all eligible employees;
- e. To satisfy itself as to the accuracy of recorded performance measures that govern the vesting of short- and long-term incentives;
- f. To regularly review short- and long-term incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- g. To consider the appropriateness of early vesting of short- and long-term incentives at the end of employment.

### **Directors' and prescribed officer remuneration**

- a. Ensure that the Company's executive directors and prescribed officers are fairly rewarded for their individual contributions to the Company's overall performance, after giving due regard to the interests of the shareholders and to the financial and commercial health of the Company;
- b. Approve specific remuneration packages for executive directors and prescribed officers of the Company, including but not limited to basic salary, benefits in kind, short- and long-term incentives, pensions and other benefits;
- c. To select and approve an appropriate comparator group when comparing remuneration levels for non-executive directors, executive directors and prescribed officers;
- d. To consider and approve the annual remuneration (and any increases thereof) payable to executive directors and prescribed officers;
- e. To consider the results of the evaluation of the performance of the CEO and other executive directors, both as a directors and as executives in determining remuneration;
- f. To approve the annual short-term incentive pay-outs of executive directors and prescribed officers.

### **Non-executive directors**

- a. To consider and recommend the fees (and any increases thereof) payable to non-executive directors in respect of their services rendered to the various boards and committees of the Company.

### **Service agreements**

- a. Determine the policy for and scope of service agreements for the executive directors and prescribed officers, termination payments and remuneration commitments for new appointments;
- b. Review (at least annually) the terms and conditions of executive directors' service agreements.

### **Other**

- a. Deal with any other matters that may be delegated or referred to the Committee by the board from time-to-time.
- b. Consider the quorum of the Committee and ensure that the Chairman of the Committee or in his/her absence, an appointed deputy, attends the annual general meeting or similar forums to answer questions about the remuneration strategy and policy.
- c. Promote meaningful and transparent dialogue with stakeholders, with a particular focus on shareholders and investors, and make efforts to resolve concerns raised by shareholders.

## **6. Authority**

The Committee acts in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a board approved process.

The Committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committees.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, and to secure the attendance of outsiders with relevant experience and expertise, if considered necessary to assist in the performance of its duties and responsibilities, at the company's cost, subject to following a board approved process. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultants who so advise the Committee.

The Committee makes the recommendations to the board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

## **7. Meeting procedures**

### ***Frequency and duration***

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of three meetings per year.

Meetings in addition to those scheduled may be held at the request of the chief executive officer, head of human resources or other members of senior management or at the instance of the board. A meeting of the Committee may also be held at any time at the instance of the board.

The chairman of the Committee may meet with the chief executive officer, head of human resources and / or the secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

Meetings will last for an appropriate period of time as determined by the chairman.

### ***Attendance***

The chief executive officer, chief financial officer, head of human resources or other members of senior management as may be required; assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.

Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.

A secretary will be appointed by this Committee.

If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the independent members present to act as chairman.

### ***Agenda and minutes***

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in these terms of reference; the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated to each standing member, at least one week prior to each meeting to the members of the board and other invitees.

Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof. The minutes must be formally approved by a majority of the members of the Committee at its next scheduled meeting.

The Chairman of the Committee shall report back to the board at each scheduled board meeting. The Committee shall keep the board fully informed of its actions, decisions or recommendations, unless there are relevant legal or regulatory restrictions on its ability to do so.

### ***Quorum***

A representative quorum for meetings is a majority of members present.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

A resolution signed by all members of the Committee shall be deemed to be a recording of a validly held meeting of the Committee. Resolutions may be signed by the members of the Committee in counterparts.

## **8. Disputes and arbitration**

In the event of a dispute between members of the Committee, the chairman of the Committee must act as arbitrator between the parties involved. The arbitration process is subject to the discretion and judgment of the chairman of the Committee.

## **9. Confidentiality**

Committee members, attendees by invitation and the Secretary are required to keep confidential and not disclose any information of whatsoever nature during the performance of their functions unless:

- i. such disclosure has been authorised by the board in writing; or
- ii. such disclosure takes place in compliance with the provisions set out herein.

## **10. Evaluation of the Committee**

At least annually:

- i. the Committee must conduct a self-evaluation to assess its effectiveness and report its conclusions and recommendations for change to the chairman of the board; and
- ii. the board must perform an evaluation of the effectiveness of the Committee.

## **11. Approval of the Charter**

This Charter was approved by the chairman of the board and chairman of the Committee on 1 February 2011 and will be due for review every three years unless circumstances warrant an earlier review.