



Nampak
packaging excellence

NAMPAK LIMITED

REMUNERATION COMMITTEE CHARTER

1. INTRODUCTION

The Remuneration Committee (the “Committee”) is constituted as a committee of the board of directors of Nampak Limited (the “Company” or “Nampak”) (hereinafter referred to as “the Board”) in respect of the functions assigned to it by the Board. The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

The Charter is subject to the provisions of the Companies Act 71 of 2008 (“the Companies Act”), the Company’s memorandum of incorporation (the “MOI”), the Listings Requirements of the JSE Limited (the “Listings Requirements”) and any other applicable law or regulatory provision.

2. PURPOSE OF THIS CHARTER

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

3. COMPOSITION

- 3.1 The Committee shall consist of not less than three non-executive directors appointed by the Board, the majority of whom shall be independent non-executive directors.
- 3.2 The Board shall appoint an independent non-executive director as the Chairman of the Committee. The Chairman of the Board is not eligible to be appointed as Chairman of the Committee.
- 3.3 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

4. ROLE

- 4.1 The Committee acts independently and as Remuneration Committee of the Company and all direct and indirect subsidiaries of Nampak Limited (“the Group”) in respect of which the Company has the right, or power, to fulfil the functions as detailed in this charter.
- 4.2 The Committee assists the Board in exercising its functions of ensuring that:
 - 4.2.1 the Group remunerates its directors and employees fairly, responsibly and transparently by, amongst others, implementing affordable, competitive and fair reward practices in order to promote the achievement of strategic objectives; and
 - 4.2.2 the disclosure of the remuneration of the directors and prescribed officers of the Company is accurate, complete and transparent.
- 4.3 The Committee makes recommendations regarding these matters to the Board for its consideration and approval as appropriate. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, the group executive committee members and other members of senior management.

5. RESPONSIBILITIES

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

Non-executive directors' remuneration

- 5.1 consider and recommend to the shareholders for approval, the remuneration (and any increases thereof) payable to non-executive directors in respect of their services rendered to the various boards and committees of the Company and other Group companies as the case may be;

Directors' and group executive committee members' remuneration

- 5.2 ensure that the Company's executive directors and group executive committee members are fairly rewarded for their individual contributions to the Group's overall performance, after giving due regard to the interests of the shareholders and to the financial and commercial health of the Group;
- 5.3 approve specific remuneration packages for executive directors and group executive committee members of the Company, including but not limited to basic salary, benefits in kind, short- and long-term incentives, pensions and other benefits;
- 5.4 select and approve an appropriate comparator group when comparing remuneration levels for non-executive directors, executive directors and group executive committee members;
- 5.5 consider and approve the annual remuneration (and any increases thereof) payable to executive directors and group executive committee members;
- 5.6 consider the results of the evaluation of the performance of the Chief Executive Officer and other executive directors, both as directors and as executives in determining remuneration and confirm that there is alignment between individual performance and rewards;
- 5.7 approve the annual short-term incentive pay-outs of executive directors and group executive committee members;

Service agreements

- 5.8 determine the policy for and scope of service agreements for the executive directors and group executive committee members, termination payments and remuneration commitments for new appointments;
- 5.9 review (at least annually) the terms and conditions of executive directors' service agreements;

General matters

- 5.10 oversee the setting and administration of remuneration at all levels in the Group;
- 5.11 approve, regularly review and objectively assess the appropriateness of the fixed to variable remuneration mix used to ensure alignment with the remuneration strategy;
- 5.12 approve the overall annual general salary increase percentage for all employees in the Group;
- 5.13 review standard conditions of service and benefits offered to employees;
- 5.14 ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- 5.15 approve the annual short-term incentive payments and long-term incentive awards to all eligible employees;

- 5.16 satisfy itself as to the accuracy of recorded performance measures that govern the vesting of short- and long-term incentives;
- 5.17 regularly review short- and long-term incentive schemes (design- and allocation principles as well as target setting) to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- 5.18 consider the appropriateness of early vesting of short- and long-term incentives at the end of employment;
- 5.19 approve all retention schemes, with or without corporate performance targets;

Remuneration policy and report

- 5.20 oversee the establishment of a remuneration policy:-
 - 5.20.1 that will promote the achievement of strategic objectives and encourage individual performance;
 - 5.20.2 that articulates and gives direction on fair, responsible and transparent remuneration; and
 - 5.20.3 which is designed to achieve the following objectives:
 - a) to attract, motivate, reward and retain human capital;
 - b) to promote the achievement of strategic objectives within the organisation's risk appetite; and
 - c) to promote positive outcomes.
- 5.21 ensure that the remuneration policy and implementation report are put forward separately for non-binding advisory votes at the annual general meeting of shareholders;
- 5.22 review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;
- 5.23 oversee the preparation of the remuneration report, which should provide sufficient disclosures as required by the Companies Act and the Listings Requirements and as recommended in terms of the King Report on Corporate Governance for South Africa 2016 ("King IV™") and to ensure it:
 - 5.23.1 is accurate, complete and transparent;
 - 5.23.2 provides a clear explanation of how the remuneration policy has been implemented; and
 - 5.23.3 provides sufficient forward looking information for the shareholders to pass a special resolution in terms of section 66 (9) of the Companies Act.
- 5.24 recommend to the Board the inclusion of the remuneration report in the integrated report, and referral thereof to shareholders as may be required by law or any applicable regulatory requirements; and
- 5.25 ensure that the internal and disclosure controls over reporting on matters for which the Committee has responsibility has been implemented and are effective.

6. SHAREHOLDERS' ENGAGEMENT

- 6.1 In the event that the remuneration policy and/or the implementation report is voted against by 25% or more of the votes exercised at the annual general meeting, the Chairman of the Committee, and/or its members and/or any other employee to whom the Committee has delegated the responsibility, must engage with shareholders to ascertain the reasons for the dissenting votes and to appropriately address legitimate and reasonable objections and/or concerns raised.
- 6.2 The Committee or its members shall engage with key shareholders on an annual basis if required to do so and will promote meaningful and transparent dialogue with stakeholders, with a particular focus on shareholders and investors, and make efforts to resolve concerns raised by shareholders.
- 6.3 The Chairman of the Committee or in his/her absence, any other member of the Committee, shall attend the annual general meeting or similar forums to answer questions that may arise from the remuneration strategy, policy and report.

7. AUTHORITY

- 7.1 The Committee acts in terms of authority delegated to it by the Board as recorded in this charter. It has the power to investigate any activity within the scope of its charter.
- 7.2 The Committee will deal with any other matters that may be delegated or referred to the Committee by the Board from time-to-time.
- 7.3 The Committee, in the fulfilment of its duties, may call upon the chairmen of the other Board committees, any of the executive directors, the Company Secretary or any other employee to provide it with information.
- 7.4 The Board will ensure that the Committee will have reasonable access to professional advice both inside and outside the Company, as well as the Company's records, facilities and any other resources in order for it to perform its duties.
- 7.5 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 the Company's internal approval policies and processes.
- 7.6 The Committee may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the Committees.
- 7.7 The Committee will make recommendations to the Board that it deems appropriate on any area within the ambit of its charter where action or improvement is required.

8 MEETING PROCEDURES

Frequency and duration

- 8.1 Meetings of the Committee will be held as the Committee deems to be appropriate. However, the Committee should meet at least two times per year.
- 8.2 The Chairman of the Committee or any member of the Committee, or the Chief Executive Officer or the Executive Director: Human Resources may call further meetings as and when required. A meeting of the Committee may also be held at any time at the insistence of the

Board.

- 8.3 The meetings of the Committee may be held in person, by telephone, or other form of long distance conference facility as circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.
- 8.4 The Chairman of the Committee may meet with the Chief Executive Officer, the Executive Director, Human Resources and / or the committee secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

Attendance

- 8.5 The Chief Executive Officer, Chief Financial Officer, Executive Director: 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. Invitees may not vote.
- 8.6 No person attending a Committee meeting shall participate in any discussion or decision in respect of their own individual remuneration.
- 8.7 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.
- 8.8 The Committee will appoint a committee secretary.
- 8.9 If the Chairman of the Committee is not present at a meeting, the members present must elect one of the independent members present to act as chairman.

Agenda and minutes

- 8.10 The Committee must have an annual work plan to ensure that all relevant matters are discussed. The work plan must ensure proper coverage of the matters laid out in this charter; the more critical matters will need to be attended to as and when required.
- 8.11 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing a detailed agenda of items to be discussed, together with supporting documentation if applicable, must be circulated to each member of the Committee, at least five working days prior to the date of the meeting.
- 8.12 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 8.13 The committee secretary shall take minutes of meetings. Any director may, provided that there is no conflict of interest and with the consent of the Chairman, obtain copies of the Committee's minutes.
- 8.14 The minutes must be completed as soon as possible after the meeting and circulated to the Chairman and members of the Committee for review and subsequent approval at the next Committee meeting.
- 8.15 The Chairman of the Committee shall report back to the Board. 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

- 8.16 The quorum of the Committee shall be a majority of independent non-executive directors

present throughout the meeting. A decision shall be deemed as passed if a majority vote on the matter for decision is passed by the members present at the Committee.

- 8.17 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.
- 8.18 A decision that could be voted on at a meeting of the Committee may instead be adopted by written consent of a quorum of members, given in person, or by electronic means, provided that each member received notice of the matter to be decided. A decision made in such manner has the same effect as if it had been approved at a meeting;
- 8.19 Where decisions are required by way of written resolution, a quorum shall constitute a majority of independent non-executive directors, of whom one shall be the Chairman of the Committee.

9. 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.

10. CONFIDENTIALITY

Committee members, attendees and the committee secretary are required to keep confidential and not disclose any information of whatsoever nature unless:

- 10.1 such disclosure is required specifically for the performance of the individuals' functions; or
- 10.2 such disclosure has been authorised by the Board in writing; or
- 10.3 such disclosure takes place in compliance with the provisions set out herein.

11. DIRECTORS' REMUNERATION

- 11.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors, and pursuant to the MOI of the Company, members of the Committee may be paid such remuneration in respect of their appointment as shall be recommended by the Board and approved by the shareholders.
- 11.2 Such remuneration shall be in addition to any fees payable to directors.

12. EVALUATION OF THE COMMITTEE

The performance of the Committee and Committee members must be assessed at least once every two years.

13. APPROVAL AND REVIEW OF THE CHARTER

- 13.1 This Charter was approved by the Board on 14 November 2017.
- 13.2 The Committee will annually review this charter and make recommendations with respect to amendments, if any, to the Board for approval.