



Nampak
packaging excellence

NAMPAK LIMITED

**RISK AND SUSTAINABILITY COMMITTEE
CHARTER**

1. INTRODUCTION

- 1.1 The Risk and Sustainability Committee (“the Committee”) is constituted as a committee of the board of directors of Nampak Limited (“the Company”) (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.
- 1.2 This charter is subject to the provisions of the Companies Act 71 of 2008 (“the Companies Act”), the Company’s Memorandum of Incorporation (“MOI”), the Listings Requirements of the JSE Limited (“JSE 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 at least five members appointed by the Board, the majority of whom shall be non-executive directors.
- 3.2 The chairman of the Audit Committee is an *ex officio* member of this Committee.
- 3.3 The Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) shall be members of the Committee.
- 3.4 The Board shall appoint an independent non-executive director as the Chairman of the Committee and determine the period for which he or she shall hold office.
- 3.5 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties. All members of the Committee shall have a working familiarity with risk assessments, risk management and sustainability matters. The members of the Committee shall be knowledgeable about the affairs of the Group and where appropriate, specific skills shall be represented on the Committee, alternatively invited as the case may be. Committee members may enhance their familiarity with risk management and sustainability matters by participating in educational programmes conducted by the Group or an outside consultant.
- 3.6 The Committee shall nominate a committee secretary.

4. ROLE

The Committee acts independently and as Risk and Sustainability 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.

The Committee makes recommendations 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 (“GEC”) members and senior management.

The role of the Committee is to:

- 4.1 Support the Board in ensuring effective risk management oversight and provide direction on certain sustainability processes as provided for in this charter.
- 4.2 Ensure that disclosures regarding matters within its ambit of responsibility are comprehensive, timely and relevant.

5. RESPONSIBILITIES

In order to fulfil its role, the Committee will:

- 5.1. oversee the development and review as and when required, of a policy guideline and framework for risk management processes, aimed to enhance the Company's ability to achieve its strategic objectives;
- 5.2. recommend the risk policy guideline and framework to the Board for approval;
- 5.3. oversee the development and annual review of the Group's risk profile to recommend to the Board for approval;
- 5.4. recommend to the Board the levels of risk tolerance and appetite and monitor that risks are managed within the levels of tolerance and appetite as approved by the Board;
- 5.5. approve a suitable risk management strategy and ensure the effective monitoring of risks by management and that potential opportunities are considered as appropriate;
- 5.6. oversee that the risk policy guideline, framework and strategy is widely disseminated throughout the Group by management and integrated in the culture and day-to-day activities within the Group;
- 5.7. assist the Board in carrying out its information and technology responsibilities by ensuring the ethical and responsible use of technology and information and compliance with relevant laws and to ensure an appropriate control environment and management of material information and technology risks;
- 5.8. monitor material contingent liabilities and litigation;
- 5.9. monitor the management of fraud risks and other unethical and illegal behaviour, and ensuring that appropriate processes relating to fraud awareness, fraud detection and forensic auditing are implemented by management;
- 5.10. review and assess the appropriateness and adequacy of the Group's insurance cover;
- 5.11. ensure that the risk framework and methodologies are implemented to increase the possibility of anticipating unpredictable risks and consider the risk environment from time to time, as deemed appropriate and based on materiality and changes in the environment in which the Group operates;
- 5.12. ensure that management considers and implements appropriate risk responses and obtain assurance from management in respect of the adequacy and effectiveness of the internal controls;
- 5.13. inform the Audit Committee of any risks or other matters which may have an impact on the financial statements;

- 5.14. express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management;
- 5.15. review trends and issues of relevance regarding risk and sustainability practices in the Group;
- 5.16. oversee the implementation and performance in relation to the environment policy of Nampak and consider the impact of Nampak's operations on the environment and, where appropriate, amend the policy or approach;
- 5.17. consider substantive regulatory and technical developments regarding the environment;
- 5.18. provide guidance on processes as it pertains to the functions of the Committee, to ensure that the Group maintains its listing in the JSE Limited's Socially Responsible Index or any other index or rating as agreed; and
- 5.19. recommend to the Board the Group sustainability commitments and targets, as it pertains to the functions of this Committee, and monitor the Group's progress with regard to achieving these commitments and targets.

6. AUTHORITY AND REPORTING

- 6.1 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.
- 6.2 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.
- 6.3 The Committee will have access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.4 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at Company's cost, subject to the Company's internal approval policies and processes.
- 6.5 The Committee may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the Committee.
- 6.6 The Committee makes the recommendations to the Board as applicable and that it deems appropriate on any area within the ambit of its charter.
- 6.7 The Committee shall ensure sufficient disclosures are provided as required by the Companies Act and the JSE Listings Requirements and as recommended in terms of the King Report on Corporate Governance for South Africa 2016 ("King IV™").
- 6.8 The Chairman of the Committee, or a person nominated by him/her, will be available at the Company's annual general meeting to respond to questions regarding any matter within its mandate.

7. MEETING PROCEDURES

Frequency

- 7.1 Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least two times per year.
- 7.2 The Chairman of the Board, the Chairman of the Committee or any member of the Committee may call meetings as and when required. A meeting of the Committee may also be held at any time at the insistence of the Board.
- 7.3 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.
- 7.4 The Chairman of the Committee may meet with the CEO and/or the committee secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

Attendance

- 7.5 Members of the GEC or senior management, assurance providers, professional advisors and Board members may attend Committee meetings, but by invitation only. Invitees may not vote.
- 7.6 The Lead Internal Auditor shall be in attendance at the meeting.
- 7.7 Committee members must attend all meetings of the Committee, unless prior apology, with reasons, has been submitted to the Chairman of the Committee or secretary of the Committee.
- 7.8 If the Chairman of the Committee is not present at a meeting, the members present must elect one of the members present to act as Chairman.

Agenda and minutes

- 7.9 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.
- 7.10 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, at least five working days prior to the date of the meeting.
- 7.11 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 7.12 The secretary of the Committee shall take minutes of meetings. The minutes must be completed as soon as possible after the meeting and circulated to the Chairman and the Committee for review and subsequent approval at the next Committee meeting.
- 7.13 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 and written resolutions

- 7.14 The quorum of the Committee shall be a majority of members 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.
- 7.15 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.
- 7.16 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.
- 7.17 Where decisions are required by way of written resolution, a quorum shall constitute a majority of members, of whom one shall be the Chairman of the Committee.

8. REMUNERATION

- 8.1 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.
- 8.2 Such remuneration shall be in addition to any fees payable to directors.

9. EVALUATION

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

10. APPROVAL AND REVIEW OF THIS CHARTER

- 10.1 This charter was approved by the Board on 28 November 2017.
- 10.2 The Committee will annually review this charter and make recommendations with respect to amendments, if any, to the Board for approvals.