



Nampak
packaging excellence

Integrated Report
for the year ended
30 September 2021

20

Packaging
excellence

21

Nampak is one of **Africa's leading packaging companies**. Headquartered in South Africa, we have **33 manufacturing operations in 10 countries**. We prioritise investment in research and development, our people and their skills and state-of-the-art equipment. We also work to ensure the **recyclability** of our products to minimise their impact on the environment. We are a **trusted partner** to our many customers — among them the world's best-known brands and the largest FMCG companies — providing quality products and service excellence to ensure that together we **deliver exceptional food safety**.

Our vision

To provide world-class packaging throughout our chosen markets.

Our mission and purpose

To deliver value to all our stakeholders while conducting ourselves as a responsible corporate citizen and a leader in packaging production and innovation.

Our values



Safety



Excellence



Responsibility



Teamwork



Integrity

We consider all of the 17 Sustainable Development Goals, but we specifically focus on goals 3, 5, 8, 9 and 12



For definitions of all SDGs see: sdgs.un.org/goals

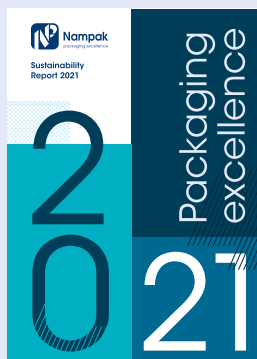
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Our suite of reports



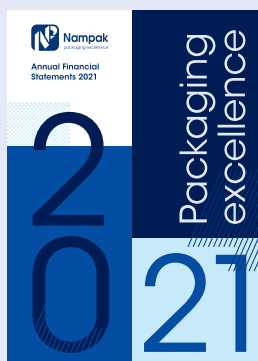
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Integrated
Report



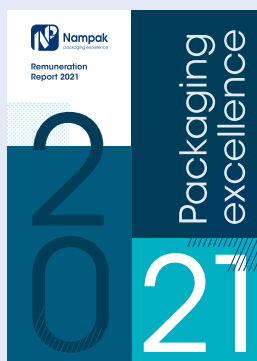
SR

Sustainability
Report



AFS

Annual Financial
Statements



RR

Remuneration
Report



All are available on our website:
nampak.com

Forward-looking information

This integrated report contains forward-looking statements that, unless otherwise indicated, reflect the group's expectations at year-end. Actual results may differ materially from the group's expectations. The group cannot guarantee that any forward-looking statements will materialise and, accordingly, readers are cautioned not to place undue reliance on them. The group disclaims any intention and assumes no obligation to revise any forward-looking statement, even if new information becomes available, other than as required by the JSE Limited Listings Requirements or any other applicable regulations.

Report feedback

We strive to improve our reporting and welcome any comments that will assist us in doing so. Please contact:
nondyebo.mqulwana@nampak.com

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About our report

Our integrated report's **primary purpose** is to explain our business to providers of financial capital, however it is also our principal communication to all stakeholders.

It is prepared in accordance with the International <IR> Framework of the Value Reporting Foundation (VRF) and is aimed at assisting our stakeholders in making an informed appraisal of our performance and prospects.

The **process to prepare** our report includes an integrated thinking and reporting workshop with all members of the executive committee; interviews with individual executives on their areas of responsibility; as well as numerous discussions throughout the year, in particular during the budget and strategic planning processes.

Our report is prepared by senior managers under the supervision of the chief financial officer together with contributions and guidance from external consultants. The report is presented to the executive committee for its review, and later to the audit and risk committee for further input, before being submitted to the board for its review and final approval.

Financial information

This was prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and was derived from the consolidated financial statements and is consistent in all material respects. Copies of the independent auditor's report are available for inspection at the company's registered office.

Non-financial information

We use local and international standards and guidelines to prepare this report including:

- › JSE Listings Requirements
- › The Companies Act, No 71 of 2008
- › The King IV™ Report on Corporate Governance for South Africa (King IV™)
- › The VRF's International <IR> Framework
- › The FTSE/JSE Responsible Investment Index Series
- › GRI and CDP standards

Reporting period

This report covers the period from 1 October 2020 to 30 September 2021. Significant events, if any, after year-end and before the approval date of this report, are also included.

Operating businesses

We report by packaging substrate – metals, plastic and paper – and by geography – South Africa and Rest of Africa. All significant items are on a comparable basis.

Significant changes during the reporting period

There were no significant changes in the period.

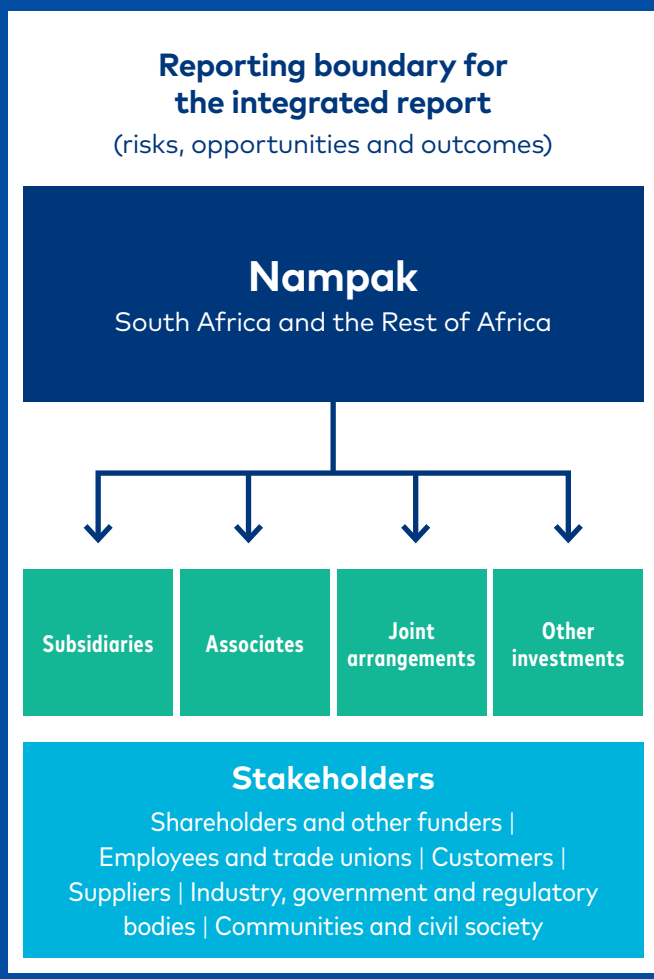
Materiality

We apply the principle of materiality in assessing this report's content and only include those items that have or may have a significant impact on our ability to deliver on our **strategy**, create stakeholder value and affect the group's sustainability. The board discusses and agrees those items it considers to be material for Nampak's future. The determination of materiality is informed by key **stakeholder** matters; **risks and opportunities**; and the availability of and impact on the **six capitals** over three time horizons.

Time horizons

We consider the **short term** as 12 months ahead; the **medium term** as one to three years out; and the **long term** as more than three years ahead.

Scope and boundary



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Our material issues



Meeting financial covenants



Navigating challenging macroeconomics



Assisting our people



Supporting policy developments

Our strategy



Reduce risk

1



Strengthen capital structure

2



Simplification



Grow profits

3



Optimisation

4



Innovation and growth

What the six capitals mean to us

In our work to deliver on the SDGs that we have prioritised, we define the six capitals as follows:



Human capital

Skilled and experienced high-performing people whose diversity, inclusion, ethics, health, safety and development are important.



Manufactured capital

State-of-the-art equipment and modernised factories to enable us to produce world-class packaging with a reduced environmental impact. We also rely on public infrastructure, including ports and roads.



Intellectual capital

Our R&D team's expertise supports our competitive advantage. Along with our experience in operations, processes and licensed technologies, we provide fit-for-purpose packaging.



Financial capital

Cash generated by operations, debt funding, equity financing and where appropriate proceeds from disposals to sustain and grow our business.



Social capital

Trusted relationships with our stakeholders create an enabling environment for our business and for the communities in which we operate.



Natural capital

Reliable and affordable supplies of water, energy, land and air are essential. We take seriously our responsibility to care for the environment.

Internal control and assurance

The board, supported by the audit and risk committee, ensures an effective control environment which supports the integrity of our information. Our systems of internal control are designed to provide reasonable assurance against material misstatement. We assessed our controls in 2021 to be adequate and effective through the confirmation of management and reports from the internal and external auditors.

Approval by the board

Nampak's board of directors acknowledges its responsibility for ensuring the integrity of the integrated report. In the opinion of directors, the 2021 integrated report addresses all material issues, fairly represents Nampak's performance and is presented in accordance with the framework of the VRF and King IV™. The board believes the report adequately captures Nampak's strategy to create value and confirms that Nampak is in compliance with the provisions of the Companies Act relating to its incorporation and is operating in conformity with its Memorandum of Incorporation.

Peter Surgey
Chairman

Erik Smuts
CEO

Glenn Fullerton
CFO

3 December 2021

This is Nampak

Nampak is one of Africa’s leading packaging companies with manufacturing facilities in 10 countries, supplying trusted products and excellent service to a broad range of customers. We are a publicly owned entity whose shares have been listed on the Johannesburg Stock Exchange for more than 50 years.

In South Africa and Angola, we are the largest manufacturer of **beverage cans**. In Nigeria, our aluminium beverage cans comprise around half the market. We have substantial positions in other **metal** and **plastic packaging** in South Africa and other parts of the continent and are the only producer of two-piece tinplate cans and aluminium monobloc aerosol cans in our home market. We are a notable manufacturer of **paper packaging** including **liquid cartons** in several African countries.



In South Africa, Angola and Nigeria, the use of our beverage cans is promoted through the **CAN DO! brand**.

Choose **CANS**

Our world-class **R&D facility**, operating for more than 70 years, provides a key competitive advantage. It assists our factories in achieving operational excellence and helps our customers ensure the safety of their products. It also helps them develop more environmentally friendly packaging and provides them with reliable and innovative packaging best suited to their needs.

We use increasing amounts of recycled material in our production processes and continue to reduce the weight of our products, and in so doing their environmental impact.

Following several years of restructuring, our business is now more focused on aluminium and tinplate cans, plastic bottles, crates and drums, closures, paper cartons and boxes.

Key metrics

Our market capitalisation

R2.3bn

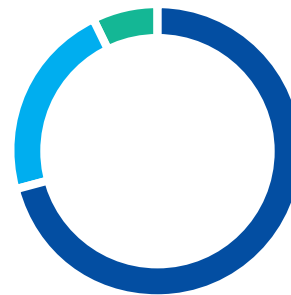
Our turnover

R14.0bn

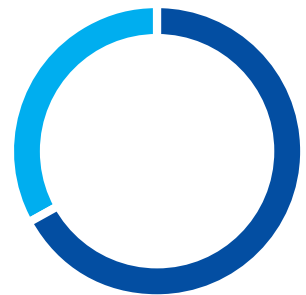
Our assets

R16.0bn

Our revenue by substrate (%)



Our revenue by geography (%)



■ Metals	71%	■ South Africa	67%
■ Plastics	22%	■ Rest of Africa	33%
■ Paper	7%		

Our presence

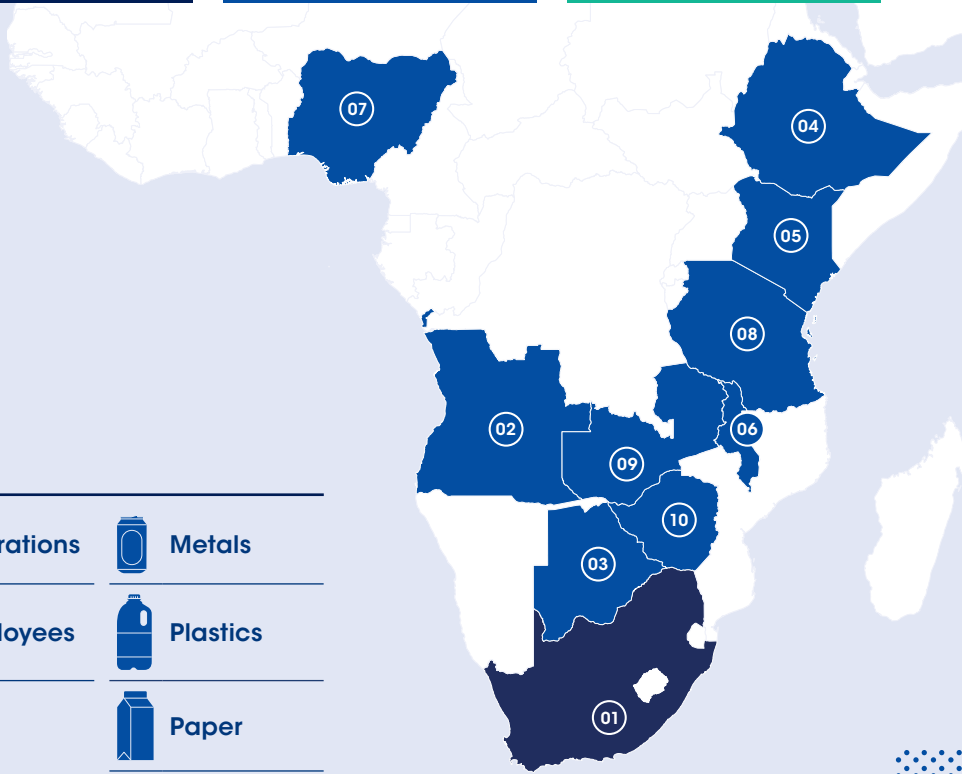
10
Countries



4 252
Employees



33
Manufacturing operations

Key

 Operations	 Metals
 Employees	 Plastics
	 Paper



























01
South Africa
including corporate office and R&D

 **19**
 **3 063**


Isle of Man
Trading office

 **13**

Rest of Africa

<p>02 Angola  1  110 </p>	<p>03 Botswana  1  18 </p>	<p>04 Ethiopia  1  10 </p>	<p>05 Kenya  2  87 </p>	<p>06 Malawi  1  37 </p>
<p>07 Nigeria  2  351 </p>	<p>08 Tanzania  1  0* </p>	<p>09 Zambia  2  105 </p>	<p>10 Zimbabwe  3  458 </p>	

* No permanent employees

A summary of our performance

For providers of financial capital

Revenue up 24% to
R14.0bn

Trading profit up >100% to
R1.4bn

Operating profit of
R0.9bn compared to
operating loss of R4.3bn in FY20

HEPS of
62.3cps compared to
a loss of 87.7cps in FY20

Cash generated from operations
before working capital changes of
R1.7bn up 133%

Net debt:EBITDA
2.74 times

EBITDA interest cover
4.79 times

Cash repaid in financing activities
R570m

Investment in working capital
R621m

EBITDA for covenants
R1.7bn

No dividend declared

Relevant SDGs:



For society

**Empowerment and
gender statistics**

B-BBEE contributor
Level 2

Black female representation
among non-executive directors
50%

Female representation
at management level
26%

Relevant SDGs:



Our value contribution

For employees

Wages and salaries
R2.3bn

Invested in employee
skills development
R32m

Sponsored
bursaries
14

LTIFR
0.27 (from 0.36)

COVID-19

7
deaths

491
infections

Relevant SDGs:



For government and communities

YES4Youth commitment
R6m **100** interns

Hospices supported
7

Income taxes paid
R152m

Relevant SDGs:



For our environment

Encouraged greater recycling through
membership of producer responsibility
organisations including MetPacSA,
Fibre Circle, Petco, Polycy as well
as Collect-a-Can

Relevant SDGs:



Our operating context

The environment in which we operate influences the development of our strategy (page 10), as well as our ability to deliver on it and, in so doing, create and preserve value and support the SDGs (page IFC). It affects our risks and shapes our opportunities (page 18). It is clearly linked to the material issues we identify (page 14). The outlook for our operating context is therefore key to our sustainable profitability (page 10).

Continuing COVID-19 pandemic

What's happening:

The pandemic continues to impact lives and livelihoods, particularly in markets without sufficient access to vaccines. Government restrictions related to social and sports events, interrupted schooling, intermittent bans on alcohol sales, weak economic activity and reduced disposable income remain evident across our markets. Lower levels of affordability are also apparent, especially for small-serving drinks packaged in aluminium and plastic.

Angolan border closures prevent exports of filled beverage cans from our customers to the DRC. Strict lockdowns in Botswana affect sales of sorghum beer in cartons. However, in other markets an easing of COVID-19 restrictions supports our liquid cartons business. A return to more regular schooling and social events underpins demand for beverage cans, as well as diversified cans in which shoe polish is packaged.

Our actions:

- › We maintain various safety protocols, including mask-wearing and social distancing. Many office employees still work from home, enabled by technology.
- › 491 Nampak people became infected with COVID-19 in 2021, and sadly seven died.
- › We remain agile, adjusting our production to demand, and ensure customers get a reliable supply of our products.
- › Benefited from beverage can demand in North America.

The outlook:

As vaccination rates increase in South Africa, the economy will increasingly open, supporting greater activity and demand for our products.

We look forward to the return of spectator sports at schools, clubs and stadiums. However, disposable incomes will take some time to recover from the impact of COVID-19 lockdowns. In many markets, vaccination rates remain low, delaying a pickup in activity and hence demand. It is unclear when Angolan border closures will end, or when Botswana's strict lockdown regulations will ease.

Link to strategy:



Related risks:
See pages 20,21 and 23



Link to material issues:



Relevant SDGs:



Supply chain disruptions

What's happening:

Across the world, supply chains are struggling due to backlogs caused by the pandemic, disruptions to shipping, politics and the increasing complexity of just-in-time production systems. The cost of shipping – which transports 90% of the world's goods – has spiralled.

In South Africa, civil unrest in July 2021 disrupted supply chains – most particularly raw materials along the N3 route from KwaZulu-Natal to Gauteng, including aluminium and paper. Milk shortages hurt demand for plastic bottles and closures. In the same month, a cyber security breach of the ports authority IT systems led to disruptions at ports. Securing freight space for beverage can exports from South Africa was an issue.

In Nigeria, port congestion led to delays in manufacturing. In Zimbabwe, erratic raw material supply and foreign exchange availability presented challenges. In Angola, border closures stymied exports of our customers' products to the DRC, impacting demand for our beverage cans.

Our actions:

- › To address challenges associated with the shortage of shipping containers out of the East, as well as higher shipping costs, we moved some metal imports to more competitive break-bulk cargo.
- › Amid violent unrest in KZN, we closed our Mobeni operation for two weeks to keep our people safe.
- › In anticipation of port delays in Nigeria, we increased our stocks of raw materials to ensure an uninterrupted supply of beverage cans to our customers. This came at a cost.

The outlook:

Supply chain disruptions and a shortage of shipping containers in the world's largest exporting countries will remain a feature in the new year. Higher freight rates into Angola and Nigeria in particular remain a concern.

Link to strategy:



Related risks:
See page 23



Link to material issues:



Relevant SDGs:



Our operating context continued

Changes in the competitive landscape

What's happening:

Intense competition, aggressive pricing and customers diversifying their supplier bases remain features in South Africa following the entrance of new beverage can manufacturers and the increased capacity of many food can manufacturers and plastics processors. Recent food safety incidents highlight the value of manufacturers who have food quality controls in place and prioritise R&D and customer service.

In Nigeria we are benefiting from securing 100% of a supply contract with a large brewer. With increased capacity coming online in the Americas, the shortage in beverage can supply seen in 2020 due to increased home consumption will be alleviated. In South Africa and Nigeria, a significant shortage of returnable glass bottles in which beer is packaged means brewers are demanding more aluminium cans to fill until the market shortage is resolved.

Our actions:

- › Our focus on operational excellence supports our efforts to defend market share by maintaining first-rate customer service and product reliability.
- › We leverage our established R&D capabilities to differentiate our offering.
- › We work to optimise capacity and inventory, reduce complexity and overheads.
- › In South Africa, our five high-speed production lines for beverage cans allow us flexibility and reduce the inefficiencies of frequent line changes related to the manufacture of the eight sizes the market demands.

The outlook:

In South Africa, a CSD and energy drink customer is vertically integrating, and plans to start operating its own beverage can line in 2022, bringing to four the number of local manufacturers. This could increase competitive pressure.

We expect the shortage of glass bottles to continue. We also expect the worldwide switch to cans to be sustained because of their attractive environmental features. With some food producers concerned about the quality provided by some packaging manufacturers, there are opportunities in South Africa to regain some business lost to competitors in previous years, by leveraging our R&D expertise and track record on food safety. The registration of our Elopak Nampak Africa joint venture will allow us to grow in the aseptic milk market in sub-Saharan Africa.

Link to strategy:



Related risks:
See pages 20,21 and 22



Link to material issues:



Relevant SDGs:



Changing consumer habits

What's happening:

Consumer buying habits are evolving. Accelerating home consumption of certain staples since COVID-19 lockdowns supports some of our Rigid Plastics products in South Africa. Lower spending on smaller pack sizes negatively impacts sales. The growing popularity and wider taste profile of energy drinks, packaged in large aluminium cans, supports demand. In more developed markets, consumers are increasingly interested in the environmental credentials of packaging. In our Rest of Africa markets, they focus mostly on cost-effective packaging.

Brand owners need packaging that safely preserves the contents, extends shelf life, offers convenience, is lighter, reduces waste and builds brand loyalty. Beer is increasingly sold in larger cans, while CSDs with high sugar content are moving into smaller pack sizes. Growth in demand for beverage cans and for rigid plastic packaging continues to exceed global GDP growth. Despite pressure on plastic, PET bottles are more affordable than aluminium cans, especially for developing markets. Growth in the sales of aseptic milk in cartons exceeds that of fresh milk. Customers in Zambia are increasingly packaging sorghum beer in cartons, moving away from plastics and bulk packaging.

Our actions:

- › Bevcan supplies 500ml beer and energy drink cans in South Africa and makes a variety of slender and slimline cans.
- › We offer liquid cartons in which to package extended-life milk. Through our Elopak Nampak Africa joint venture we are developing the liquid carton market in the Rest of Africa.
- › Our thermal processing specialists assist customers in ensuring a safe time and temperature combination for packaging food.

The outlook:

We expect growth in demand for 440ml and 500ml cans to continue, as well as increased consumer demand for 300ml slender cans. The move away from single-use plastics and towards aluminium beverage cans and liquid cartons made from paper is expected to accelerate.

Link to strategy:



Related risks:
See pages 22 and 23



Link to material issues:



Relevant SDGs:



Climate change and an increasing ESG focus

What's happening:

The global debate on climate change and the need for companies to do more to address ESG issues is accelerating. The United Nations calls the climate crisis 'the defining issue of our time', and has asked companies to prepare decarbonisation plans to limit the increase in global temperatures. In packaging, recyclable products and those from renewable sources are gaining favour and society is being urged to prevent single-use plastics from being discarded thoughtlessly. Investors are demanding greater reporting on ESG issues and companies are focusing more on their contribution to sustainable societies through promoting human rights, gender equality and sound governance practices.

Our actions:

- › We are leveraging our R&D capabilities to offer customers environmentally friendly packaging, including:
 - » aluminium beverage cans, which are infinitely recyclable, lightweight and valuable to recyclers;
 - » paper cartons, which have GHG emissions that are half those of PET and HDPE bottles, and whose content is overwhelmingly from renewable resources – mostly trees – which absorb CO₂.
- › Through our active involvement in MetPacSA, we aim to establish the metal packaging industry as a valuable contributor to sustainable development principles, through effective investment in post-consumer metal packaging recovery and re-utilisation.
- › As a signatory to the SA Plastics Pact and our membership of PETCO, we aim to create a circular economy for plastics packaging in South Africa.
- › A founding member of the Fibre Circle, we work to manage the environmental impact of paper packaging in South Africa.
- › We continue to light-weight our products, saving on raw materials and the fuel to transport them.
- › We prioritise the manufacture of packaging that is re-usable and has increased recycled content.
- › We increasingly engage with ESG investors and prioritise actions to support delivery on the SDGs.

- › We track all our global scope 1, 2 and 3 GHG emissions and seek ways to minimise them.
- › We direct and manage our business in compliance with applicable laws, rules, codes and standards.
- › In setting our strategy, the board – guided by the social, ethics and transformation committee – takes account of our short-, medium- and long-term impact on the economy, society, the environment and all stakeholders.
- › We continuously oversee and monitor how our operations and activities reflect our status as an ethical, responsible corporate citizen.
- › The safety of our employees in the workplace is a key imperative.
- › We plan to link more executive KPIs and remuneration to our ESG performance in the new financial year.

The outlook:

There will be greater attention to the global effort to transition toward a low-carbon economy in line with the Paris Agreement. Nampak's customers are developing plans and formal science-based targets to decarbonise and expect support on this from their suppliers. We are advancing our work to reduce the environmental impact of our operations and are planning to develop our approach to net zero. We will continue to prioritise the manufacture of products with reduced impact and will respond consciously and ethically to opportunities and challenges as they arise, cognisant of the interests of all stakeholders and the environment within which we operate.

Link to strategy:



Related risks:
See pages 22 and 23



Link to material issues:



Relevant SDGs:



Higher commodity prices

What's happening:

Commodity prices are rising as the global economy recovers following the shock of the pandemic. Some specific supply factors – including for oil, copper and some food commodities – are also driving the increases to above pre-COVID-19 levels.

Sharp rises in metals prices reflect strong demand in China, the global recovery and supply chain disruptions. China has been reducing steel-making capacity by closing down environmentally inefficient mills. Higher oil prices support economic growth in Nigeria. In Angola, however, this does not appear to have filtered down to consumers yet.

Lower tobacco crop yields in Zimbabwe translate into reduced demand for tobacco cases in which to pack the harvest. This dampened economic activity.

In our 2021 financial year, Brent crude oil doubled in price from around US\$40/bbl to US\$80/bbl. The price of aluminium increased 63%, reaching 13-year highs of nearly US\$3 000/ton at end September. Steel prices also increased by more than 60%.

Our actions:

- › We have agreements in place with customers to pass through steep commodity price rises on a regular basis.

The outlook:

The final approval of the US infrastructure bill and the world's transition away from coal-fired energy could lead to further price increases for metals. High prices for tinplate and aluminium will likely remain a feature of the new financial year, at least in the first half.

Agricultural prices are expected to stabilise in 2022. Further sharp increases in oil prices will likely be limited by the large amount of spare production capacity among major oil exporters.

Link to strategy:



Related risks:
See page 20



Link to material issues:



Relevant SDGs:



Simplification (short to medium term)

What this means	How we did in 2021	Link to targets of executive incentive plan
Rationalise portfolio – business, products and operations	Rationalised and restructured Tubes business and Plastics Gqeberha plant. Closed Plastics eSwatini and Polokwane plants.	● Raise R1bn in cash through sale of assets ● Group EBITDA
Reduce operational complexity	Disposed of Tubes business. Not successful in selling other more complex businesses.	● Divisional EBITDA ● Restructure and simplify cost base
Reduce reliance on commodity-dependent economies	Completed DivFood restructuring, focused on moving some lines from Vanderbijlpark to Epping and Paarl.	● Reduce cost of employment



Relevant risk



Relevant material issue



Optimisation (short to medium term)

What this means	How we did in 2021	Link to targets of executive incentive plan
Process innovation	Leveraged Nampak R&D capabilities to improve manufacturing performance.	● Raise R1bn cash through sale of assets ● Group EBITDA
Review product offering and terms	Developed early stages of data science capabilities at R&D.	● Divisional EBITDA
Improve operational efficiency	Concluded conversion of Angola tinplate Bevcan line to aluminium.	● Restructure and simplify cost base ● Reduce cost of employment
Drive sustainability	Removed some unprofitable products. Reduced operating costs through the consolidation of operations. Reduced employee numbers in DivFood Vanderbijlpark. Continued to focus on operations excellence. Improved Kenyan operational performance. Became founder member of Fibre Circle.	● Improve operational efficiency and reduce spoilage ● Group: Safety LTIFR tolerance ● Divisional: Safety LTIFR tolerance



Relevant risk



Relevant material issue



Innovation and growth (medium to long term)

What this means	How we did in 2021	Link to targets of executive incentive plan
Geographical diversification	Secured contract to supply beverage can ends to export customers.	● Group EBITDA ● Divisional EBITDA
Exploit niche market segments	Started up new crates line at Ndola in Zambia.	● Develop new business
Product/service offering innovation	Registered Elopak Nampak Africa in Kenya to drive liquid cartons growth in sub-Saharan Africa. Actively pursued new customers.	



Relevant risk



Relevant material issue



Creating and preserving value through our business model

Material issues
(see pages 14 and 15)



Meeting financial covenants



Navigating macro-economic challenges

Key inputs

Human capital

SDG

Diverse, skilled board R32m investment in employee learning (R22m)
 Experienced management 122 apprentices (159)
 4 252 employees (4 455) 14 bursary holders (18)



Manufactured capital

SDG

Property, plant and equipment: Polymer resin: increased to declined to R5.4bn (R5.9bn) 47 000 tonnes (41 000 tonnes)
 Production facilities: 19 in South Africa (18); 14 in Rest of Africa (16) Aluminium plate, tinplate, brown paper reels and carton board#
 World-class R&D facility in South Africa Used packaging products
 Public infrastructure



Intellectual capital

SDG

Competitive advantage of our established R&D capability:
 › 12 scientists (18), 7 technologists (7) and 2 technicians (2)
 Skilled and experienced employees
 Membership of various industry bodies



Financial capital

SDG

Market capitalisation: increased to R2.3bn (R621m)
 Total equity: increased to R4.3bn (R4.2bn)
 Net working capital: up at R2.8bn (R2.5bn)
 Net debt (excluding lease liabilities): down at R4.7bn (R4.9bn)



Social capital

SDG

Highly regarded brand Contributor to YES4Youth programme
 Good employee relations Sustained support of community projects
 Effective communication with investors Member and/or founder of producer responsibility organisations for all our substrates
 Beneficial engagements with government and tax authorities



Natural capital

SDG

Water: usage increased to 1 101 Ml (936)
 Energy: usage increased to 2 155 856GJ (1 874 864)



Activities

Strategic building blocks



Reduce risk



Strengthen capital structure



Simplification

Business model

- › **Invest** in R&D and state-of-the-art manufacturing facilities and skills.
- › **Secure** supplies of quality raw materials, including recycled content.
- › **Process** materials, manufacturing packaging products used to protect, preserve and transport consumer goods – mostly food and drinks – maintaining quality and safety.
- › **Support** our customers' brands with innovative, convenient packaging with reduced environmental impact.



Grow profits



Optimisation



Innovation and growth

Value creation

We create value for society by converting raw materials into packaging products used to protect, preserve and transport consumer products. To do this, we rely on various resources and relationships: the six capitals. We transform these through our business model. In so doing, we aim to deliver on our strategy and advance some of the UN's SDGs. When deciding how best to grow and sustain our business, we consider the trade-offs between the capitals, aiming to maximise positive outputs and outcomes, and limit any value erosion.



Assisting our people



Supporting policy developments

Actions and trade-offs



Reduced DivFood employee numbers, supporting financial capital but negatively impacting social capital.



Higher raw material costs negatively impacted financial capital.



Took advantage of export demand for beverage cans

Conducted a process to dispose of certain assets

Embarked on data science analysis process to enable more informed operational decisions

R&D investment reduced financial capital, but will increase stocks of manufactured, financial, social and natural capital in the longer term.



Negotiated relaxation of debt covenants

Agreed sale of Tubes business

Suspension of dividend negatively affected social capital but benefited financial capital.



Gained the trust of customers to ensure food safety

Provided regular debt covenant updates

Social investment reduces financial capital, but good corporate citizenship has a positive long-term impact on all the capitals.



Supported recycling of post-consumer packaging

Implemented systems to reduce use of water and energy

Used recovered waste, reducing the impact on natural capital. Emissions and waste negatively impacted this capital, but by producing value-added products we added to the stocks of all other capitals.

Outputs

Products

Metals

Aluminium beverage cans; tinplate food cans; aluminium aerosol cans and roll-on pilfer-proof caps; a range of other metal cans, closures and twist-off caps.

Plastics

Plastic bottles; closures; crates; drums and tubes.

Paper

Liquid cartons; folding cartons; corrugated boxes; paper bags and sacks.

Emissions

Scope 1 & 2

GHG emissions

intensity declined to 22.6tCO₂e/Rm revenue (25.7)

Scope 1 & 2

GHG energy

intensity from electricity – declined to 72% tCO₂e (75%)

Outcomes



Improved LTIFR to 0.27 (0.36)

Paid R2.3bn in wages and salaries (R2.1bn)

Recorded 491 COVID-19 infections, 477 recoveries

Tragically lost seven employees to the virus (two)

Provided bursaries to 14 students

Limited salary increases



Capital expenditure R313m (R666m)

Depreciation and amortisation R460m (R537m)

Net impairment of assets R0.3bn (R4.0bn)



Convenient products with improved performance

Better customer relationships

Reduced complexity of DivFood after restructuring

Licensed production of gable-top cartons in JV with Elopak



Trading profit R1.4bn (R0.7bn)

Cash generated from operations R1.1bn (R1.1bn)

Improved debt covenants

HEPS 62.3 cents (loss 87.7 cents)

Return on net assets 12.8% (5.6%)



Income taxes of R152m (R42m)

Produced economic value-added of R4.1bn (R1.6bn)

Dedicated R0.9m in social investment (R3.0m)

Maintained B-BBEE contributor status at Level 2

Increase in black management to 66% (64%)

Grew investor trust in delivering on our strategy

Our material issues

Material issues are those with the potential to significantly affect — both positively and negatively — our ability to deliver on our strategy, create value and sustain the group in the short, medium and long term. In the short term, the most noticeable impact of these is on the group's share price, which gained 272% in 2021. The COVID-19 pandemic continued to be the defining feature of the year across the world, and impacted each of our material issues as set out below:



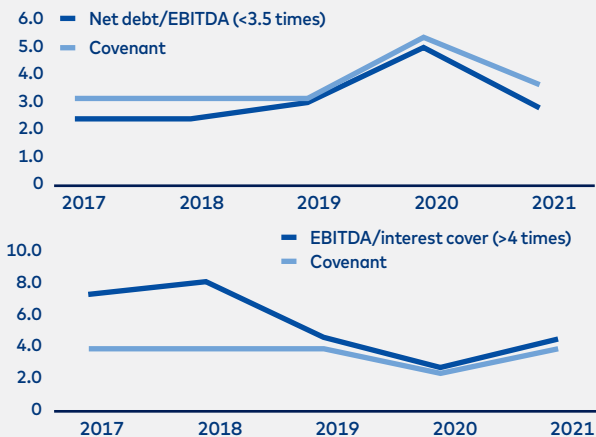
Meeting financial covenants

In 2021 we built on the work done in 2020 to deleverage the balance sheet and exit non-core businesses, supporting a reduction in US dollar debt. Nampak's performance against credit facilities' covenant terms improved. Any breach of these covenants could have negative consequences in terms of ongoing liquidity, access to credit, cost of capital, ability to fund capex, the share price and ultimately the need for Nampak to require recapitalisation.

In terms of the September 2020 agreements, the group's debt funders required that interest-bearing debt be reduced by R1bn by 30 September 2021, through a strategic asset disposal process or a combination of asset disposals and a capital raise.

Implications for value

Covenants and gearing (times)



Our response

Met all quarterly covenants within adjusted limits. At year-end, covenants were within the original limits of less than or equal to 3.0 times for net debt:EBITDA and greater than or equal to 4.0 times for EBITDA:interest cover.

Reduced US dollar debt by 39% and its share of total debt for covenant purposes to 41% from 65%.

Concluded an agreement for the sale of Tubes for R49m including inventory.

We did not conclude other business disposals at prices not aligned to fair value. We continued to actively engage potential buyers in a process that is taking longer than anticipated.

Negotiated with lenders to revise funding requirements in light of Nampak's improved trading performance.

Secured deferral to 30 June 2022 of assessment of our ability to reduce debt by R1bn.

Secured relaxation of the restriction to reduce debt through asset disposals/a capital raise, which allows for the use of cash flows generated in normal operating activities, including repayments of historical debt by the RBZ, but subject to the cancellation of available commitments.

Secured relaxation of the net debt:EBITDA covenant to 3.5x from 30 September 2021 to 30 September 2022, returning to a covenant requirement of 3.0x for the period commencing 1 October 2022.

Reduced operating costs and capex.



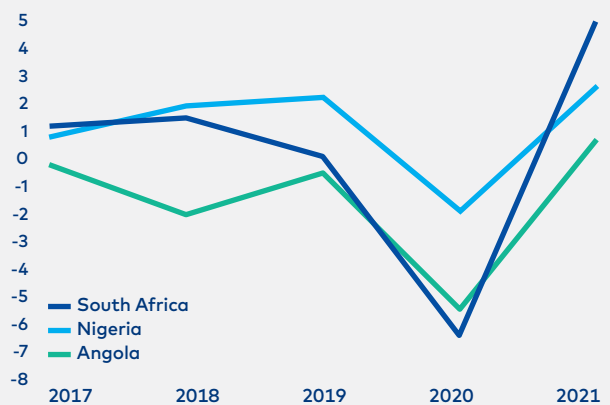
Navigating macroeconomic challenges

The global economy continued to face challenges sparked by the pandemic. After a sharp contraction in activity and a rise in unemployment and poverty in 2020, in Q2 of calendar 2021, South Africa's economy picked up, expanding 19.3% year-on-year. Nigeria also grew — by 5.01% in Q2.

Angola's economy expanded by 1.2% year-on-year in Q2. Zimbabwe remained challenged, with continued hyperinflation. Although expected to grow in 2021, Kenya's expansion could be curtailed by drought affecting agriculture.

Foreign currency availability remained constrained in Nigeria, and limited in Zimbabwe.

South Africa, Nigeria and Angola GDP growth (%)



Source: World Bank, IMF World Economic Outlook

Implications for value

Weak disposable incomes limit consumer demand for discretionary spending items, including products in Nampak packaging such as monobloc aerosols, CSDs.

Pressure on Nampak's revenue and earnings.

Reduced affordability of products made with US dollar-denominated raw materials.

Constrained availability of foreign currency at the official rate slowed cash transfers from Nigeria and had a negative impact on profitability.

Recorded forex losses in Nigeria and Angola of R246m from R324m.

Our response

Continued to optimise our business by reducing overheads and driving efficiencies.

Secured pleasing transfers from Angola and Nigeria, improving transfers from Zimbabwe, boosted by US\$4.0m in repayments from the RBZ related to historical debt.

Continued to focus on cash transfers from other Rest of Africa markets, reducing cash balances in Angola, Nigeria and Zimbabwe to R565m from R691m.

Ensured Zimbabwe operational and capital requirements remained self-funded and serviced Zimbabwe market demand to extent that foreign currency for raw materials could be sourced.



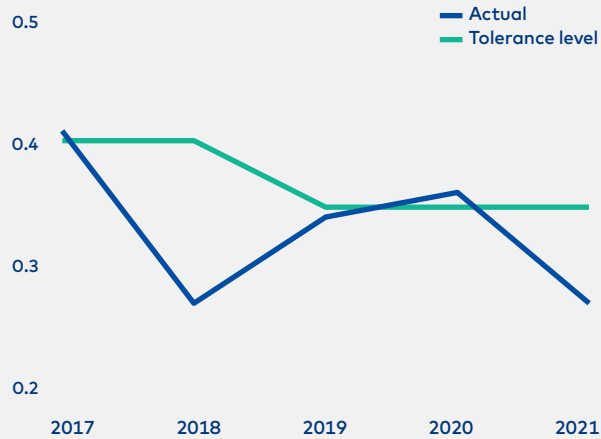
Assisting our people

Ensuring the safety of our people is critical, and this was heightened in the time of COVID-19. Sadly, seven employees died from the virus. The pandemic also took its toll on the mental health of people everywhere. Our overall safety performance improved, with an LTIFR of 0.27 after 2020's 0.36.

We continued to contend with a shortage of skills and developed internal competencies for specific production processes.

Transformation remained a priority and in South Africa we maintained our Level 2 B-BBEE contributor status.

LTIFR



Implications for value

Operations that are safe and where employees' mental health is prioritised lead to enhanced employee morale, better business performance and are beneficial to the environment. Unsafe operations harm people, the environment and our reputation.

Insufficient skills may impact our strategic delivery, profitability, investor returns and tax payable to authorities.

Transformation to a more equal society enhances the sustainability of our business and of South Africa, without it, this is at risk.

A strong B-BBEE rating may improve the revenue of our South African operations.

Our response

Maintained protocols to ensure COVID-19 risks were managed, limiting infections to 491 and continuing to facilitate remote working for 90% of office staff.

Increased communication of the mental health services available to employees.

Continued to engage closely with employees and trade unions on various restructuring initiatives.

Re-evaluated service providers for managerial competency learning and development programmes.

Continued to invest in employee training and development, holding virtual training sessions.

Persuaded some DivFood employees to relocate to the Western Cape facilities after closure of certain food can lines in Gauteng.

Encouraged and supported COVID-19 vaccinations.



Supporting policy developments

Existing and planned legislative requirements directly affect Nampak or our customers. Red tape and logistics inefficiencies in some of the Rest of Africa markets hamper raw material imports.

In 2021, COVID-19 lockdown regulations had less of an impact on Nampak than those in 2020; the most significant were restrictions on social events in South Africa, border closures in Angola and extended school closures, sale of alcohol restrictions, curfews and a ban on public gatherings in other Rest of Africa markets.

The inclusion of greater environmental considerations in the policies of countries around the world presents an opportunity for Nampak products that are renewable and recyclable.

Implications for value

Unpredictable policy changes make planning difficult.

The earlier-than-expected introduction of duties on aluminium imports into South Africa pushed up demand and the price of local supplies. It also limited our ability to have multiple sources of supply.

Greater demand for recyclable and renewable packaging supports our product sales, and ultimately our profitability.

Restricted supply impacted our ability to produce continuously.

Demand for in-country production favours our Rest of Africa operations.

Aluminium import duties impacted multiple supply sources and certainty of supply.

Our response

Closely monitored COVID-19 protocols, ensuring agility and limiting negative impacts.

Established Elopak Nampak Africa joint venture to accelerate growth in sub-Saharan Africa of the market for liquid cartons – which contain renewable raw materials and reduced environmental impact.

Continued to offer infinitely recyclable aluminium cans.

Participated actively in MetPacSA, a producer responsibility organisation for metal packaging in South Africa.

Helped establish the Fibre Circle to work towards greater recycling of paper packaging.

Encouraged the re-use and recycling of plastic packaging through our support of the SA Plastics Pact and our membership of PETCO.

Key stakeholders who help us create value

We depend on stakeholders to create value and minimise instances where our actions may lead to the erosion of value. Trust is critical to good stakeholder relationships. Here we give an overview of both the important issues that we have gathered from our stakeholders, as well as the issues that we consider vital to our relations with them.

We also provide details of our work to best address these. As stakeholder engagement is intrinsically linked to the management of risks and the identification of both opportunities and material issues, we indicate which of these is most relevant to each stakeholder group. Although we do not regularly conduct formal surveys to measure the quality of our relationships, through open channels of communication we understand that all of our relationships are good.

Shareholders and other funders

Why we engage

Providing accurate and up-to-date information is important for shareholders and funders who often have competing interests.

Key issues

Debt, including US dollar-denominated debt, and covenants.

Financial performance of key divisions, including turnaround of DivFood and Plastics, and transfer of funds from Angola, Nigeria and Zimbabwe.

Disposal of assets to meet debt obligations and to focus on profitable and efficient lines.

Reinstatement of dividend once capital structure is at optimum level.

Our actions

Negotiated a relaxation of debt covenants.

Improved overall financial performance, transferred R1.6bn from Angola and Nigeria, but maintained suspension of dividend.

Engaged with potential buyers to meet R1bn target for asset disposals.

Considered alternatives to raise R1bn.

Concluded a R1bn non-recourse trade finance facility.



Material issues:

Relevant SDGs:



Related risks:



Employees and trade unions

Why we engage

Open communication with our employees creates a sound working environment and boosts morale.

Talking to our trade unions informs them about group restructuring and working together to find ways of improving productivity and reducing costs.

Key issues

Impact of balance sheet restructuring on the business and job security.

Health and safety in the workplace including safety under COVID-19.

Effect of restructuring and cost-cutting initiatives.

Ongoing skills development, losing staff to natural attrition including retirement.

Job security in an environment of sharp job losses triggered by COVID-19 pandemic.

Maintaining sound, open and constructive relationship between unions and business.

Impact of productivity improvements and cost reduction on employees.

Addressing youth unemployment.

Paying wages above market rates.

Engaging in wage negotiations.

Our actions

Reported an improvement in LTIFR of 0.27 from 0.36 in 2020.

Facilitated UIF TERS payments to South African employees during COVID-19.

Implemented various measures to mitigate the spread of the virus.

Continued to prioritise development; trained 2 114 employees.

Persuaded some DivFood employees to relocate to the Western Cape facilities after closure of some can lines in Gauteng.

Unfortunately, we had to retrench some people while others were redeployed in other operations.

Successfully completed wage negotiations at below inflation rate without any industrial action.

Continued to involve unions in our need to improve productivity and reduce costs.

Strengthened our long-standing good partnerships with workers.

Continued our support for the YES4Youth employment programme.

No salary increases in January 2021.



Material issues:

Relevant SDGs:



Related risks:



Customers

Why we engage

Maintaining close contact with our customers improves our service to them. In consultation we are also able to design and recommend the best forms of packaging for their products.



Material issues:

Key issues

Packaging that ensures the highest levels of food safety and reliable supply. Supply chain disruptions affecting both raw materials and finished goods – including Angolan border closures. In Rest of Africa markets, hard currency availability impacting raw material purchases. Retention of key customers amid increased competition. Developing new customers for our Elopak Nampak Africa liquid cartons JV.

Relevant SDGs:



Our actions

Engaged with brand owners about the benefits of Nampak's R&D facility in ensuring food safety. This with a view to securing new contracts. Maintained reliable supply and excellent customer service during intermittent pandemic lockdowns. Continued to reduce our overhead cost structure to become more competitive.

Related risks:



Suppliers

Why we engage

Suppliers are key to our ability to manufacture the products which our customers require. Regular liaison with them assists in identifying and reducing any bottle necks in the supply chain as well as keeping abreast of the latest materials available.



Material issues:

Key issues

Sharp increase in electricity tariffs, and unreliable power and water supply to facilities in South Africa and Zimbabwe in particular. Dramatic increase in commodity prices, led by aluminium and tinplate. New import duties on aluminium and reliance on a single supplier in South Africa. Ensuring B-BBEE credentials to meet our procurement targets. Global supply chain disruptions leading to delays in shipments, port congestion and rocketing shipping costs.

Relevant SDGs:



Our actions

Worked alongside other manufacturers to engage with municipalities to lobby for greater security of supply of quality water as well as sufficient electricity. Explored opportunities for self-generation and provision of power and water. Continued to prioritise purchases from accredited B-BBEE suppliers. Actively engaged with key raw material suppliers on B-BBEE improvement requirements. Utilised break-bulk cargo instead of containers to secure shipments of raw materials and reduce shipping costs.

Related risks:



Industry, government and regulatory bodies

Why we engage

We engage with these stakeholders to ensure that we collaborate on the many issues and opportunities facing our industry and business.



Material issues:

Key issues

Waste management. Public pressure on use of plastic packaging. Special COVID-related lockdown restrictions. Compliance with good governance and regulatory requirements. Sound relations with local authorities. Water and power interruptions and poor municipal service delivery. Interrupted manufacturing as a result of COVID-19.

Relevant SDGs:



Our actions

We are members of PROs and actively support industry-led waste management plans. Supported long-established recycling initiatives. Continued supporting small-scale waste collectors. Participated in the Manufacturing Circle and we are a member of Packaging SA. Proactively engaged with government and adhered to COVID-19 protocols. Maintained comprehensive governance policies and practices. Complied with requirements of the JSE and revenue authorities. Established more formal channels with municipalities.

Related risks:



Communities and civil society

Why we engage

The communities in which we operate are important to us as many of our employees live within these communities.



Material issues:

Key issues

Supporting the communities in which we operate, especially during COVID-19. Fewer funds available for community projects due to COVID-19 and disposals.

Relevant SDGs:



Our actions

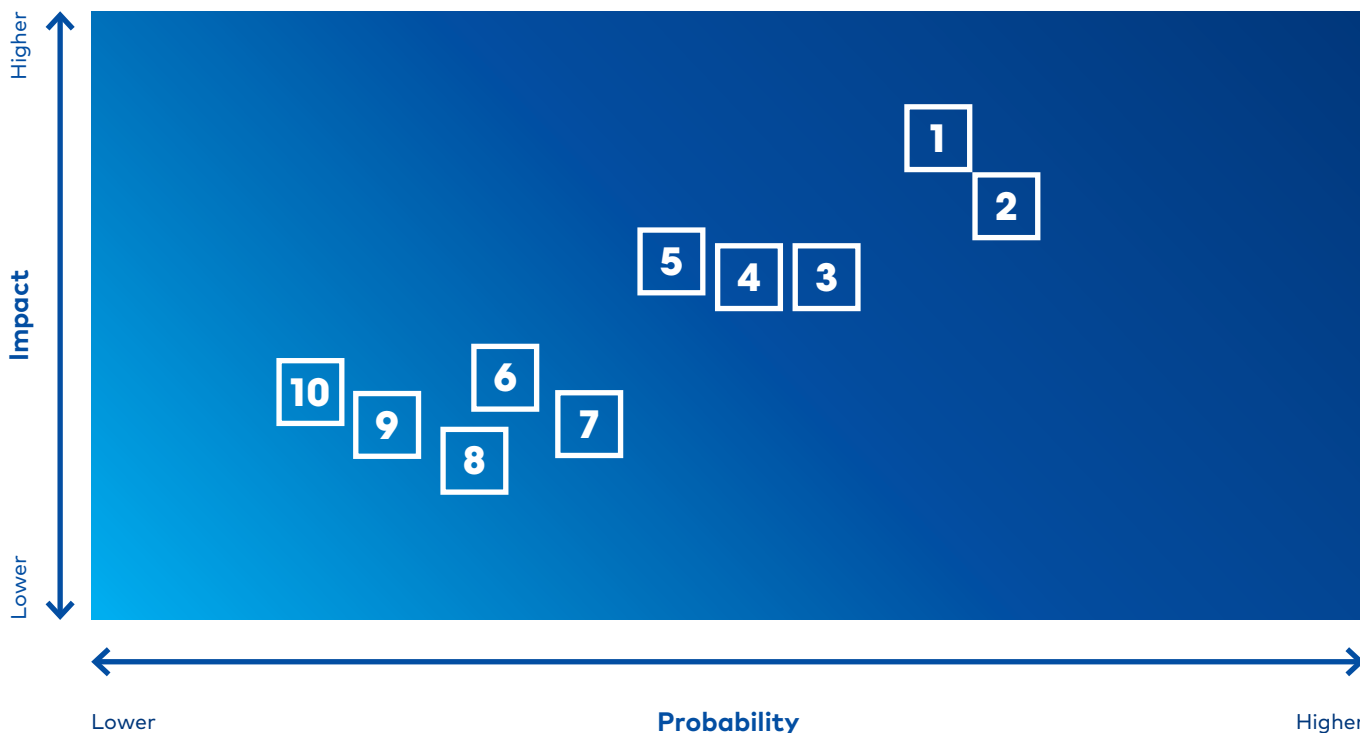
Contributed a reduced R0.9m to social investment. Provided temporary employment to 100 interns in the YES4Youth programme. Granted 14 bursaries.

Related risks:



Our top risks and opportunities

When determining our risks, we consider both the potential impact of each risk on the achievement of the group's strategy as well as the probability of it materialising. The positions of the risks on the heat map reflect the residual risk after considering the effectiveness of our mitigation strategies and actions. We rank these risks in order of magnitude, recognising that these positions may change during the year. The icons show the link of each risk to our material issues, the six capitals, as well as to Nampak's strategy.



Top risks 2021 – 2020

Links

1 – 3 Challenging macroeconomic conditions in our key markets	
2 – 2 Foreign exchange liquidity and currency movements	
3 – 1 Group liquidity, gearing and financial covenants (COVID-19 pandemic impact)	
4 – 4 Operational underperformance of certain operations	
5 – 5 Inadequate diversity, people development, talent attraction/retention, skills shortage and COVID-19 staffing impact	
6 – 6 Customers diversifying their supplier base	
7 – 7 Public pressure on plastic packaging	
8 – 8 Legacy defined benefits liabilities	
9 – 9 Uncertain regulatory and policy environment	
10 – 10 Potential to fall prey to cyber crime	

Within the context of the six capitals, our risk management culture is informed by our risk framework, risk management guidelines and other group policies and procedures. The audit and risk committee supports the board in considering the material outcomes of these processes and reviews the level of risk exposure against our risk tolerance and appetite levels. Understanding our risk environment informs strategy and assists with decision making throughout the organisation.

We undertake ongoing assessment of Nampak's impact on the environment from an operational perspective and in relation to our product stewardship. Consideration of climate change impacts will continue to develop increasing importance into the future. Nampak participates in the CDP for climate change and water usage and will be further developing its response to decarbonisation.

Information management services (IMS) and key technology risks are routinely considered by the audit and risk committee to support the board in the execution of its ultimate responsibilities for IMS governance.

1 Challenging macroeconomic conditions in our key markets

Impact if not managed

Slow economic growth in South Africa and other markets, exacerbated by pandemic impacts, and high interest rates in key markets in the rest of Africa result in reduced consumer demand. This translates into lower sales volumes and revenue and pressure on profit margins. It also limits opportunities for growth.

How we did in 2021

Bevcan South Africa augmented its volumes with export contracts.

DivFood benefited from its restructuring, with some negative effects from the closure of some key customer operations as a consequence of the civil unrest in July.

Bevcan Angola reported subdued volumes on a weak economy and border closures but benefited from good control of input costs and overheads.

Recorded robust demand in all operations in Zimbabwe. These operations are self-funded with no additional funding from the group since April 2018.

Value created from our mitigation strategies

Ongoing drive to deliver improved operating efficiencies and cash fixed cost reductions.

Operations geared to meet increased capacity requirements.

Opportunities and looking forward

Nampak is well positioned to take advantage of organic growth in our markets.

Long-term fundamentals for packaging growth in key African markets remain intact.

Our market positions are strong with more than 60% of our customer base consisting of large multinationals with global brands and strong credit ratings.

Business and consumer confidence in South Africa are likely to remain weak in the short to medium term.

Economic activity in Nigeria, though muted, supported a strong performance which is expected to continue.

Angola is showing signs of slow recovery.

Zimbabwe continues to trade well but is impacted by US dollar availability and a devaluing currency.

2 Foreign exchange liquidity and currency movements

Impact if not managed

Volatility in translated rand value of earnings from the rest of Africa impacts our financial performance. A lack of market liquidity holds up the repatriation of cash and constrains purchases of imported raw materials as well as our ability to invest behind growth opportunities and pay down debt.

How we did in 2021

Improved debt mix, with US dollar debt representing 41% (65% in 2020) for covenant purposes.

Transferred R877m from Nigeria, albeit at higher rates, in constrained market.

Transferred R683m from Angola amid stable liquidity.

Transferred R78m from Zimbabwe.

Ensured that customers provided US dollar funding for raw materials in certain territories.

Value created from our mitigation strategies

In 2019, we hedged US\$67m with the RBZ for payment over five years with an initial two-year payment holiday. At end September 2019, we applied an expected credit loss ratio of 85% given the economic situation in Zimbabwe. In 2021, repayments began but at a slower rate than anticipated: US\$4m (R57m).

Opportunities and looking forward

Currency volatility will continue to have a bearing on financial results.

US dollar availability in Nigeria, Angola and Zimbabwe will continue to impact the group as will the devaluation of these respective currencies.

The RBZ has begun to honour the agreement albeit at lower repayments than the originally contracted level of \$5.6m per quarter commencing March 2021. To the extent that repayments exceed 10% of the original amount owing of \$67m, earnings will benefit. The expected credit loss provision applied at September 2021 will reverse once repayments exceed the 15% debt recognised in our financial statements.

Our top risks and opportunities continued

3 Group liquidity, gearing and financial covenants (COVID-19 pandemic impact)

Impact if not managed

The impact of the COVID-19 pandemic lockdown regulations' restrictions on the free trade of certain products impacted Nampak's 2021 revenue, trading profit and performance against funding covenant.

Breach of these covenants trigger negative consequences for ongoing liquidity, access to credit, cost of capital, ability to fund capital expenditure plans, share price valuation and risk of the business being placed into business rescue or liquidation.

Possible rights issue required.

How we did in 2021

Improved group operating results amid eased restrictions in most of our markets.

Complied with funding covenants and improved position compared to 2020 with covenants back within originally contracted thresholds.

Trade finance facility negotiated without recourse with utilisation counting towards requirement to reduce interest-bearing debt by R1bn by September 2022.

Secured relaxation of covenant terms; new terms to be achieved by 30 June 2022.

Renegotiated repayment dates for four-year term funding from 25 September 2022 to 1 April 2023.

Strengthened balance sheet and reduced its volatility by repaying a significant portion of our US dollar debt.

Carefully managed working capital; reduced operational costs; focused on managing disrupted supply chains.

Tightly managed the 2021 capital investment programme.

Disposed of Tubes business and actively engaged with potential buyers for other business units.

Not prepared to sell major businesses in a depressed market on unfavourable terms.

Value created from our mitigation strategies

Firm management of capital expenditure and improvements in liquidity delivered a stronger balance sheet.

The group's financial position continues to benefit from the two revolving credit facilities secured in 2018.

Detailed forecasting assisted in meeting increased demand and funding the requisite working capital with positive cash flow maintained for the year.

Opportunities and looking forward

Nampak will continue to focus on degearing activities and overall optimisation initiatives, including of cost structures, and group business portfolio.

Renegotiated covenant terms apply to September 2022.

Optimum balance to be sought between use of funding sources.

4 Operational underperformance of certain operations

Impact if not managed

This can result in job losses, impairment of assets and harm the group's sustainable profitability.

Adverse impact on covenant compliance

How we did in 2021

Concluded the sale of the Tubes business.

Recorded good performance of Bevcam Nigeria operation.

Benefited from the operational turnaround strategies at DivFood and Plastics in South Africa, with improved returns.

Improved trading has benefited the rolling 12-month EBITDA used in the covenant calculations.

Value created from our mitigation strategies

Continued to deliver on our drive towards improved productivity to extract value from our newer technologies and ensure readiness for higher volumes.

Consistent engagement with customers to streamline our product mix, reducing complexity and providing opportunities to review cash fixed costs.

Opportunities and looking forward

We have the established capacity to ramp up production to meet increased customer demand.

Group restructuring initiatives and manufacturing projects to reduce complexity, limit non-value-add activities and reduce operating costs.

Data science capability established at R&D.

5

Inadequate diversity, people development, talent attraction/retention, skills shortage and COVID-19 staffing impact

Impact if not managed

Without transforming to a more equal society, the sustainability of our market in South Africa may be in jeopardy.

A poor B-BBEE rating could impact the revenue of the South African operations.

Insufficient skills could impact on operational effectiveness and our ability to deliver on strategy.

COVID-19 impact on staff health and availability reduces ability of business to operate effectively and disrupts supply chain.

How we did in 2021

Applied COVID-19 staff health protection practices through the group and maintained effective operational performances.

Maintained our B-BBEE rating at Level 2.

Continued participation in the YES4Youth programme.

Retained employment equity as a component of executive incentive plan and management STI structure.

Maintained our focus on management, graduate, apprenticeship development programmes as well as various technical skills and safety programmes.

Value created from our mitigation strategies

Our aligned skills development initiatives result in improved productivity and faster problem solving as products are manufactured.

Besides protecting employees from injuries, good safety practices result in reduced downtime, cost savings and improved productivity.

COVID-19 protocols enabled the business to operate as permitted while considering employee health.

Opportunities and looking forward

Depth of diverse qualified succession pool as well as opportunities for personal growth underpin sustainable profitability.

B-BBEE steering committee mandated to implement plans for maintaining our rating.

Participation in YES4Youth.

Application of COVID-19 health and safety protocols as demanded by the pandemic situation.

6

Customers diversifying their supplier base

Impact if not managed

Certain customers wish to limit their supply risks by appointing more than one supplier of primary packaging.

How we did in 2021

Maintained a relatively stable overall customer portfolio within the impacts of the pandemic and business disposals.

Highlighted the benefits of our scientists in ensuring the safety of food packaged in our products.

Secured new contracts with smaller independent breweries in Zambia.

Supported a number of key customer decarbonisation science-based target development initiatives.

Value created from our mitigation strategies

Value-added food science services provided by Nampak's extensive R&D capabilities.

A wide footprint of factories affords customers better security of supply.

Opportunities and looking forward

Opportunity to take advantage of growing demand for environmentally friendly packaging by extending the reach of gable-top cartons to other liquid and dry food products.

Several recent food safety concerns in South Africa have afforded Nampak the opportunity to reiterate its full service offering to customers, including the advantage of our R&D facility scientists, with a view toward regaining market share.

Increased customer and other stakeholder interest in value chain decarbonisation strategies to support net-zero emissions.

Continued emphasis on price, safety, quality, reliability, good governance and on-time delivery.

Our top risks and opportunities continued

7 Public pressure on plastic packaging

Impact if not managed

Bad publicity and strong public reaction to plastic packaging waste could negatively impact demand.

How we did in 2021

Participated in industry initiatives to increase recycling rates and to develop the legislated extended producer responsibility waste recovery schemes.

Value created from our mitigation strategies

Continued research and development into opportunities for further light-weighting and the use of more recycled material in primary plastic packaging.

Opportunities and looking forward

Opportunity to work with customers on alternative primary packaging solutions which support the growth of metal and paper alternatives.

Ongoing engagement with other industry players on alternative solutions for plastic packaging waste that limit its impact on the environment. Increased focus arising from the establishment of legislated extended producer responsibility programmes through associated producer responsibility organisations.

8 Legacy defined benefits liabilities

Impact if not managed

If cost increases associated with providing the benefits outstrip affordability, profits will be adversely affected.

How we did in 2021

Given the company's cash position, in 2021 we did not evaluate the annuity market.

Value created from our mitigation strategies

Steady reduction in the overall liability.

Opportunities and looking forward

Medical inflation remains above overall consumer inflation, placing upward cost pressure on the group's remaining post-retirement medical liability.

The group will continue to consider and implement feasible buy-out and de-risking opportunities that are acceptable for all parties.



9

Uncertain regulatory and policy environment

Impact if not managed

Changes in regulations affecting Nampak and our customers could negatively impact on demand or result in uncontrollable increases in cash fixed costs. The magnitude of changes to laws and regulations can be onerous and failure to comply can result in penalties and affect our licence to operate.

How we did in 2021

Supported producer responsibility organisations under the umbrella of Packaging SA in the development of Sec18 Waste Act extended producer responsibility waste schemes.

Undertaken GHG mandatory reporting, submission of (GHG) Pollution Prevention Plan and payment of the South African carbon tax.

Value created from our mitigation strategies

Continued focus on recycling initiatives across all substrates.

Ongoing energy reduction management and initiatives including consideration of various renewable energy projects.

Opportunities and looking forward

Ongoing engagement and alignment with government and other stakeholders on post-consumer packaging waste recycling objectives.

Greater emphasis from all stakeholders on approach to climate change and a net-zero decarbonisation just transition.

Greater introduction of renewable energy into the energy supply mix offers value in both decarbonisation for climate change objectives and partial mitigation of future risks in Eskom electricity cost escalation and reliability of supply.

Prioritise the manufacture of products with reduced impact and consider the disposal of those parts of the business which have a higher impact.

10

Potential to fall prey to cyber crime

Impact if not managed

Ransomware attacks could result in catastrophic loss of data and paralyse the business, rendering it unsustainable.

How we did in 2021

Continued with virtual private network external penetration intrusion prevention for improved security of remote working.

Ensured careful management of vulnerability and patch management process.

Continued to benefit from Mimecast email filtering for malware.

Continued with penetration, cyber footprint and cyber assessments.

Carried out disaster recovery tests of corporate systems.

Maintained internal and external audit review of our information systems and processes to ensure appropriate controls.

Maintained appropriate insurance covers and engaged with insurers over cyber crime insurance.

Value created from our mitigation strategies

Securing remote working.

Ongoing employee awareness campaigns.

Consistent upgrading to protect against latest attacks.

Mimecast provision of email continuity in the event of an attack.

Opportunities and looking forward

Protecting Nampak against cyber-crime is an enduring commitment.

Reducing the risk of the severity of the impact in the event of a cyber-attack.

In process of assessing capital expenditure directed at enhancing cyber security.

Chairman's review



Peter Surgey
Chairman

Dear stakeholders

Making good progress

2021. This was a year of change for all, with COVID-19 presenting two more waves, a slow vaccination rollout, working remotely becoming the new standard, constant balance sheet pressure, nervous shareholders, civil disturbance, and the continuing need to produce good product for customers in the changed environment.

The pandemic remained the overriding theme of the year for people everywhere and on behalf of the board I extend our condolences to the families and friends of the seven Nampak employees who succumbed to COVID-19 complications in the year. We also sympathise with those Nampak employees who lost family members to the virus.

In the difficult environment, the Nampak team did well and the business made good progress, building on improvements made in the prior year. All divisions improved and good operational progress was made in streamlining and consolidating certain business units. This augurs well for continued advances in performance in the period ahead.

Cash generation increased substantially. More importantly, the banking covenants were met at each measurement period, and at the end of the year Nampak comfortably achieved the original covenant.

The operating context on pages 7 to 9 provides a comprehensive backdrop to performance in the year. It includes details on the continuing pandemic; climate change and the increasing focus on ESG; supply chain disruptions; higher commodity prices; changes in the competitive landscape; and changing consumer habits.

Performance

It was recorded in last year's report that the capital structure of the company was not sustainable before the impact of COVID-19. This is still the case, and while a great deal of work has been done to address this issue, not all of the initiatives were completed in the year to 30 September 2021.

We targeted a debt reduction of up to R1 billion by September 2021 to be achieved by asset sales. However, in anything but ideal conditions for asset sales, the disposal process has taken longer than anticipated and work in this regard is ongoing.

After a series of detailed negotiations with our funders, and on the strength of better performance, they relaxed the previous strictures placed on the business. This is very positive.

The restriction to reduce debt only through asset disposals and/or a capital raise has now been relaxed so as to allow the utilisation of all cash flows generated through normal operating activities, inclusive of the repayments of historical debt by the Reserve Bank of Zimbabwe.

In 2021, net debt was reduced as was the weighting of dollar-denominated borrowings. The material issues on pages 14 and 15 give details regarding the financial covenants in the year. They also outline the macroeconomic challenges of Nampak's markets, as well as the company's work to assist its people, and support policy developments in the year.

The CEO and CFO's reports on pages 26 and 28 spell out the impact these had on the group's performance.

Prospects

Last year we reported that the company had lost 90% of its market value in the preceding 12 months. While this low base was not a true reflection of the underlying value of the company, the share price has recovered from less than R1 per share to nearly R4 per share. Based on our forecasts, we expect this improvement to be maintained on the back of a strengthened capital structure and the continuing momentum of better business performance.

Board

We have a small and relatively new board and we have all had to spend much more time and effort than would be the case in more normal circumstances. My colleagues have been more than up to the task. Extra meetings at short notice and longer hours have been met with support, enthusiasm and good humour.

My thanks to you all for the support and hard work – it has been a pleasure. The directors have continued to work closely with the executive team this year, and the board's support has been important and well received.

Erik Smuts and his team have done an excellent job in navigating an uncompromising environment. I am confident that Nampak will continue to make the required improvements leading to further encouraging changes in our fortunes and I would like to thank all the group's stakeholders for their continuing support.



Peter Surgey
Chairman

Bryanston
3 December 2021

Chief executive officer's report



Erik Smuts
Chief executive officer

Dear stakeholders

Stabilising the business, delivering to customers

In 2021 we made solid progress in stabilising Nampak by reducing risks and simplifying some of our businesses. In a challenging business environment, we strengthened our capital structure — a key building block of our strategy — and reported significantly improved group operating results.

As the world continued to wrangle with the devastating impacts of the COVID-19 pandemic, our plants kept running, delivering to our customers a trusted supply of world-class, food-safe packaging products with reduced environmental impact.

Employee health remained our number one priority. After recording 491 infections among our people — or an infection rate of some 11% — tragically we lost seven employees to COVID-19-related complications in South Africa, Botswana, Malawi and Zimbabwe. I convey my sincere condolences to their families, friends and colleagues. Safety is a key Nampak value and is central to our culture. In 2021, our overall safety performance improved, with the lost-time injury frequency rate moving down to 0.27 after 2020's 0.36 and compared with our maximum tolerance level of 0.35.

We are committed to ensuring a safe, diverse and transformed work environment and were pleased to have maintained our B-BBEE Level 2 contributor status in the year.

Our financial performance for the year was significantly stronger. Revenue increased by 24%, boosted by stronger volumes in Nigeria, South Africa and Zimbabwe. Trading profit expanded by 109% as we successfully restructured two divisions, took advantage of export opportunities to grow volumes and were resolute in our determination to reduce operating costs by consolidating operations and simplifying our product offerings.

The overriding focus of our work in 2021 was on the first objective of our strategy: to **reduce risk**, and more specifically on the first strategic building block: to **strengthen our capital structure**.

👁️ **The CFO's report on page 28 gives details of our success in this regard, including the reduction in our US dollar-denominated debt.**

The renegotiated funding terms from our lenders, and the >300% increase in the share price by investors clearly show the reduction in the perceived risk of Nampak since the start of the year and how we are regaining trust.

While we made progress in simplifying some operations, we had less success with our efforts with portfolio **simplification** in the year. Despite encouraging engagements with potential buyers of some assets, amid once-in-a-century pandemic conditions we walked away from offers that were priced below what we think the businesses are worth.

Enhancing performance

Bevcan South Africa performed well. Sales volumes benefited from sizeable export orders for beverage can bodies amid a temporary global capacity shortage. They were also buoyed by increasing demand in the domestic market, even though government measures to limit the spread of COVID-19 included intermittent restrictions on the sale of alcohol and strict limits on social gatherings as well as on public attendance at sports events.

Bevcan Nigeria grew market share, recording strong increases in volumes after it had secured an increased contractual allocation from a key customer in 2020. In **Angola**, **Bevcan** volumes were weak. Despite higher oil prices, economic activity remained depressed and the ongoing closure of borders meant our customers could not export filled beverage cans to consumers in the Democratic Republic of the Congo. Nevertheless, profitability improved as we kept a close check on operating costs.

Following significant restructuring to simplify the business, **DivFood South Africa** reversed the previous year's losses to return to profitability. However, the business had to contend with significant increases in tinsplate prices and sea freight rates, supply chain disruptions and the impact of social unrest on customers' operations. The temporary closure of ports held up imports of raw materials as well as exports of finished goods. **DivFood Nigeria** benefited from 2020's restructuring and enjoyed strong demand.

Our **South African Plastics** business returned to profitability, helped by various restructuring initiatives including the consolidation of some sites in the year. Liquid Cartons also recorded improved profits.

Our **Rest of Africa Paper** businesses continued to increase their profit and sustained strong market positions, supported by a larger diversified customer base.

The limited availability of foreign exchange at the official rate remained a concern, impacting cash transfers from **Nigeria**, while transfers from **Angola** were good. The repayment by the Reserve Bank of Zimbabwe of some historical debt underpinned transfers from **Zimbabwe**.

Despite pressure on dollar liquidity in Nigeria, cash transfers of R0.9bn exceeded the prior year by 8% excluding transfers related to Cartons Nigeria which was disposed of in the prior year.

Focusing on strategic execution

Strategic building blocks



Reduce risk



Strengthen capital structure



Simplification



Grow profits



Optimisation



Innovation and growth

Building momentum, leveraging trust

After a year of stabilising the business and improving performance, in the year ahead we will focus on a more sustainable portfolio that satisfies customer needs, avoiding unnecessary complexity and earnings volatility.

Operationally, in 2021 many of our customers came under pressure. This highlighted the value of the assurance provided by our **R&D** team regarding **food safety**, the quality of our products and our service excellence. In the year ahead we will leverage that trust.

Ours is a business that does not cut corners. Our significant investment in skills, science and service over eight decades should not be overlooked and should stand us in good stead in future. We see ourselves as a partner to our customers in the **supply of safe, quality products**, and not simply a provider of commodity packaging products.

In 2022, we will reconsider our purpose and give greater attention to opportunities to reach net zero emissions. Over the years we have demonstrated our commitment to delivering on elements such as safety and transformation by including these in the balanced scorecards of our executives. In 2022, we will introduce environmental measures — including water and energy usage — as performance targets linked to executive remuneration.

The last year was certainly challenging, but it was rewarding to see the improvements across most of our businesses. None of these would have been possible without the support of the board, to whom I convey my appreciation. I would also like to thank the group executive committee and every employee who contributed to the improvements, as well as Nampak's broad range of stakeholders for their support in the year. We look forward to creating more value together in the year ahead as we build a more sustainable and profitable business to the benefit of all stakeholders.



Erik Smuts
Chief executive officer

Bryanston
3 December 2021

Chief financial officer's report



Delivered pleasing turnaround underpinned by renegotiated group funding package and compliance with all covenants.

Glenn Fullerton
Chief financial officer

Dear stakeholders

Overview

The group performed well during a year that continued to be adversely impacted by the COVID-19 pandemic albeit at lower levels than in the prior year. Trading conditions improved relative to the prior year as COVID-19 restrictions were eased in South Africa and most markets in the Rest of Africa. Trading conditions do however remain challenging with difficult macroeconomic environments in the majority of the group's territories. Despite low confidence levels in certain markets and subdued consumer spending, revenue and profitability recovered well. It is pleasing to report the group's return to profitability.

The continued impacts of the pandemic on the hospitality industry as well as on schooling and the sporting industry impacted growth. Significant input cost increases were experienced due to challenging supply chains with concomitant increases in logistics and shipping costs as well as significant increases in commodity prices driving up input costs. Focus was placed on margin improvements and cost management, both of which were achieved during the year.

Group revenue increased by 24%, boosted by stronger volumes in South Africa, Nigeria and Zimbabwe. Trading profits and margins grew as the group successfully restructured two divisions, improved volumes as a result of export opportunities and continued its focus on reducing operating costs by consolidating operations and simplifying product offerings.

The management of the group's balance sheet, gearing levels, funding structures and covenants in these uncertain times remained our top priority. Remaining nimble and responsive to the market's changing demand patterns, as the world recovers from the pandemic, required additional focus and an investment in working capital given the improved trading levels.

Compliance with the group's covenants was critical, as was the need to renegotiate the group's funding package.

Key financial features

Revenue

R14.0bn

up by 24%

EBITDA for covenant purposes of

R1.7bn up by
61%

Operating profit before impairments

R931m

2020: loss of R4.3bn

Significant reduction

in impairments

Profit for the year

R377m

2020: loss of R3 980m

Headline earnings of

62.3cps

2020: loss of 87.7cps

Group complied

with all funding covenants

Group funding package

renegotiated

Cash generated from operations before working capital changes

R1.7bn up by 133%

Our response

The resilience and agility of the group was tested during a challenging year that showed green shoots of recovery in selected markets. Proactive steps were taken by the management team in managing the group's supply chains, working capital levels, funding structures and in managing costs.

The group continues to identify its top risks and ensure that structures and processes are in place to address these identified key risks. Additional focus has been placed on systems of internal control in order to enhance the group's already strong systems and to ensure compliance with 3.84(k) of the JSE Listings Requirements. The process involved reviewing our identified key risk categories and ensuring that appropriate risk and control matrices are in place and monitored for compliance throughout the year.

Compliance with the group's funding covenants remained a key risk during the year particularly given the requirement for the group to comply with quarterly covenant thresholds and to repay R1 billion in interest-bearing debt by 30 September 2021. The group's funding structure, covenants and the requirement to make the required repayment by 30 September 2021 were successfully renegotiated with the group's funding partners, given the group's significantly improved trading results. The group acted decisively to reduce operating costs wherever possible, limit capital expenditure, proactively manage working capital levels in a market with changing demand patterns and to optimise cash flows. Covenants were complied with for all quarterly reporting periods during the year.

Other risk management areas included the health and safety of our employees, the elasticity of the demand for our products as markets started to recover, the continuity of our supply chain particularly

where our operations are import dependent, cash flow generation, the management of the group's liquidity requirements and the gap between the group's market capitalisation and the group's net asset value.

We continued to place focus on the respective operations' cash generative abilities and capital expenditure requirements. Impairment testing was performed for all operations with a significant reduction in net impairments in 2021.

The group actively managed employee costs with no salary increases awarded during the financial year other than to unionised wage earners with effect from 1 July 2021. Operating costs were well managed. External input costs regulated by government-increased tariffs were recovered through increased selling prices where possible. Maintenance costs were well managed without compromising the group's asset base.

There were no discontinued operations during the year. The DivFood Mobeni and Tubes businesses have been classified as assets held for sale in terms of IFRS 5: Assets Held for Sale and Discontinued Operations. These operations are neither material from a geographic nor a substrate perspective and are therefore not classified as discontinued operations. Disposals of identified businesses or operations were challenging in current market conditions. The group successfully concluded an agreement for the sale of the Tubes business. For several reasons, Nampak has not been able to conclude the other anticipated business disposals to date. As part of Nampak's strategic objectives (page 10) to reduce risk and to simplify our business portfolio we are still actively engaging with potential buyers with a drive to achieve fair value on disposal. This process is taking longer than originally anticipated.

Chief financial officer's report continued

Accounting standards

There were no significant new accounting standards applicable to the group in the year under review.

Earnings review

Profit/(loss) for the year

R million	2021	2020
Revenue	13 958	11 278
Trading profit	1 422	682
Capital and other items (excluding Zimbabwe devaluation impact)	(232)	(701)
Operating profit/(loss) before items below	1 190	(19)
Net impact of devaluation in Zimbabwe	5	(264)
Net foreign exchange profit/(loss) in Zimbabwe operations	1	(82)
Monetary adjustment for hyperinflation	(4)	(182)
Net measurement of expected credit loss allowance – Reserve Bank of Zimbabwe financial instrument	8	–
Operating profit/(loss) before net impairment losses	1 195	(283)
Net impairment losses	(264)	(4 020)
Operating profit/(loss)	931	(4 303)
Net finance costs	(485)	(448)
Share of net (loss)/profit from associates and joint ventures	(1)	1
Profit/(loss) before tax	445	(4 750)
Income tax (expense)/benefit	(68)	401
Profit/(loss) for the year from continuing operations	377	(4 349)
Profit for the year from discontinued operations	–	369
Profit/(loss) for the year	377	(3 980)
EBITDA adjusted for net impairment losses	1 655	254
EBITDA for covenants	1 716	1 068
Headline earnings/(loss)	402	(565)
Headline earnings/(loss) per share	62	(88)
Earnings/(loss) per share	32	(538)

Group review

The group delivered a pleasing turnaround assisted by a 24% increase in revenue which was primarily due to strong recoveries in the South African and Nigerian beverage can markets which delivered growth in excess of 30% over the prior year where volumes were significantly impacted by the severe lockdowns in the early stages of the COVID-19 pandemic. These strong recoveries were complemented by pleasing improvements in revenues generated in Zimbabwe and Zambia. The revenue growth in our South African-based DivFood and Rigid Plastics businesses were more subdued.

Trading profit of R1.4 billion increased by 109% as a consequence of improved volumes assisted by exports, lower costs, improved trading margins and a turnaround achieved in DivFood from a significant

loss in the prior year to a trading profit in 2021. This was complemented by strong trading results delivered by Bevcan South Africa and Nigeria and a pleasing recovery in Bevcan Angola. Our Zimbabwe operations continue to perform well and are self-funding.

Capital and other items reduced significantly during the year. This was primarily due to lower foreign exchange losses, the non-recurrence of a loss on disposal of businesses and costs associated with the restructuring of loans and lower retrenchment costs.

An operating profit of R1.2 billion before the net impact of the devaluation in Zimbabwe and net impairment costs was achieved. This compared to a loss of R19 million in the prior year.

Lower inflation in Zimbabwe coupled with a relatively stable ZWL during the year positively impacted

Capital and other items (excluding Zimbabwe devaluation impact)	2021	2020
Foreign exchange losses Rest of Africa	246	324
(Profit)/loss on disposal of businesses/property	(10)	141
Retrenchment and restructuring costs	(1)	135
Insurance proceeds on assets previously impaired	—	(83)
(Gain)/loss on restructuring of loans and lease liabilities	(1)	136
Other	(2)	48
Total	232	701

the contribution from the group's Zimbabwean operations. Inflation slowed to 52% from 659% in the prior year. The net foreign exchange losses in Zimbabwe declined from R82 million to a small profit of R1 million in 2021 with the monetary adjustment for hyperinflation of R4 million declining from R182 million in 2020.

Operating profit of R1.2 billion before net impairment losses increased from a prior year loss of R283 million. There was a significant reduction in net impairments with a reversal of impairments of R173 million and impairments of R437 million resulting in a net impairment loss of R264 million. Net impairments primarily related to the South African Rigid Plastics business of R391 million while the reversal of impairments mainly related to Bevcan Angola and DivFood of a combined R170 million. This compared favourably to the R4.0 billion asset impairment in the prior year. The group reported an operating profit after net impairments of R931 million, compared to an operating loss after net impairments in 2020 of R4.3 billion.

Net finance costs increased by 8% to R485 million from R448 million primarily due to ratchet interest costs of R88 million incurred. Excluding ratchet interest cost, net finance costs would have declined 11.4%.

An effective tax rate of 15.2% was reported for the year compared to an effective tax credit in the prior year of 8.5%.

A profit for the year from continuing operations of R377 million was pleasing and compares favourably to the loss of R4.3 billion incurred in the prior year.

There were no discontinued operations in 2021. The profit from discontinued operations in 2020 relates to a profit on disposal of Nampak Plastics Europe, partially offset by a loss on disposal of Glass. A profit of R377 million from total operations reflects the significant turnaround delivered in the year under review compared to the loss of R4.0 billion reported in prior year.

Headline earnings for total operations of 62.3 cents per share compared positively to the headline loss per share of 87.7 cents reported in 2020.

Divisional review

The Metals division posted revenue of R9.9 billion, up 26% from the prior year with an increase of 159% in trading profit to R1.1 billion from R421 million. Trading margins improved to 11.0% from 5.4% in the prior year primarily due to the DivFood turnaround and improved efficiencies due to volume increases and cost containment.

The Plastics division delivered a 21% increase in revenue to R3.0 billion primarily driven by strong growth in the Zimbabwe operations, assisted by good revenue growth in the South African-based Rigid Plastics businesses. A trading profit of R287 million reflects an increase of 101% over the prior year with trading margins increasing to 9.6% from 5.7%. The improvement in this result was led by a significant increase in profitability in Megapak Zimbabwe and a pleasing turnaround delivered in the Rigid Plastics South Africa business.

Our Paper division increased its revenue by 9% to R1 034 million assisted by a strong performance from our Zambian and Zimbabwean operations. Adjusting for the revenue related to the Cartons Nigeria operation that was disposed of in the prior year, revenue in this division grew by 30% on a comparative basis. A trading profit of R187 million reflects an increase of 18% with trading margins of 18.1% up from 16.7% as a result of cost containment initiatives and improved volumes. Trading profit increased by 34%, excluding the prior year contribution to trading profit from the Cartons Nigeria operation.

Capital and other items excluding the net impact of devaluation in Zimbabwe reduced by 67% in the year to R232 million from R701 million. This reduction is primarily due to lower foreign exchange losses in the Rest of Africa, the non-recurrence of capital items resulting from the net loss on the disposal of businesses offset by insurance proceeds for asset replacements, reduced retrenchment and restructuring costs as profitability improvement projects in DivFood and Plastics near completion and show benefits.

Foreign exchange losses Rest of Africa

The foreign exchange losses in the Rest of Africa relate primarily to exchange rate devaluations in Nigeria and Angola. The majority of the devaluation losses are attributed to the Nigerian operations where the naira has devalued by 8% from NGN381.75 to NGN413.05 to the US dollar during the year.

Chief financial officer's report continued

Dollar availability at the official spot rate was limited as evidenced by the gap between the official spot rate and the parallel rate. To ensure liquidity, US dollars were sourced using a mixture of primary and secondary foreign exchange rates.

All US dollar linked kwanza bonds matured by the end of February 2021. These proved to be highly effective hedges with all bonds being honoured on time and in full by the Angolan government on maturity. There is no new bond mechanism in Angola. The kwanza revalued from 640.10 to 614.21 and the naira devalued from 381.75 to 413.05 to the US dollar.

Profit/(loss) on disposal of businesses/property

In the prior year, on 5 February 2019, the Nampak Limited board took a decision to dispose of its interests in Nampak Cartons Nigeria Limited and Nampak Properties Nigeria Limited. In the main, the loss on sale of property, plant and equipment relates to this transaction. The profit in 2021 relates to the disposal of the Zimbabwean joint venture Softex Tissue Products (Pty) Limited.

Retrenchment and restructuring costs

In 2020 these costs relate to a restructuring programme at DivFood and to a lesser degree Bevcan South Africa as well as Rigid Plastics South Africa and various of the African operations as the businesses right sized for volumes lost and the general requirement to reduce employee cost to align with revenue. This did not recur in 2021.

Insurance proceeds on assets previously impaired

The claim in 2020 related to the total loss due to a fire at the in-house facility at a customer and the insurance settlement of the cost to replace assets previously impaired. This did not recur in 2021.

(Gain)/loss on restructuring of loans and lease liabilities

In 2020, in terms of IFRS 9, a substantial modification of a financial liability requires the extinguishment of the original financial liability and the recognition of a new debt instrument. The new debt instrument was recorded at fair value and any difference from the extinguished liability was recorded in profit or loss. The main financial reporting consequence of this was an accelerated charge to profit and loss of transaction costs of R136m that would previously have been capitalised and amortised over the term of the agreements. This did not recur in 2021.

Other

During the 2020 year the DivFood business experienced a non-recurring loss related to the ineffectiveness of cash flow hedged forward exchange contracts amounting to R48 million. The cause of the loss has been mitigated. The import and pricing strategies of DivFood were reviewed in 2021 in order to optimise the efficiency of the hedging process and to ensure that similar instances of this nature do not recur.

Impairments

The group tests for impairments annually or more frequently if there is an impairment indicator in line with the requirements of IAS 36: Impairment of Assets. The key assumptions used are cash flow projections, growth rates and discount rates.

Goodwill impairment assessment

The Nigerian market is performing well with a strong recovery in volumes. The strong demand for beverage cans is expected to continue and is supported by our customers' forecasts despite limited foreign exchange availability potentially slowing economic growth. Sales contracts are in place for our three major customers comprising 93% of total sales volumes. After careful consideration of current market conditions, selling price assumptions and the reduction in the WACC rate primarily due to a reduction of the in-country risk premium, there was substantial headroom. Accordingly, no impairment of goodwill was required. No reversal of the goodwill previously impaired is permissible in terms of International Financial Reporting Standards.

Asset impairment assessments

A group sum-of-the-parts valuation was performed based on discounted cash flow valuation principles with individual operations/cash generating units being tested for specific impairment. These valuations were performed at year-end taking into account the approved 2022 budget and strategic plans to 2026 and resulted in a net impairment of R264 million comprising R437 million in impairments and R173 million in reversal of impairments.

Nampak Angola

The Angolan economy is forecast to partly recover from last year's COVID-19-induced slump as both external and domestic demand strengthen. The recovery is however expected to be impacted by elevated unemployment, ongoing currency weakness, reduced oil output, a notable fiscal shortfall and ballooning public debt. After taking into account volume projections based on expected demand,

improving profitability and cash flow generation, a conservative terminal growth rate and a reduced WACC rate as a consequence of a lower in-country-risk premium, a reversal of impairment of R69 million (\$4.7 million) has been accounted for in the year under review. In 2020 an impairment of R1.2 billion (\$69.8 million) was recognised.

DivFood

A significant turnaround was delivered during the year under review, underpinned by improved selling prices, cost reductions and site consolidations. In 2020, an asset impairment of R224 million was required and accounted for. Based on the expected future cash flows and a marginally lower WACC rate, a reversal of impairment of assets and right of use assets was required amounting to R101 million in 2021. This was partially offset by impairments of R27 million on specific assets held for sale.

Rigid Plastics

The future cash flows of the South African Rigid Plastics, Crates and Botswana business were reassessed as part of the preparation of the 2022 budget and the strategic plan to 2026. Despite the

positive effects of the various restructuring initiatives and a slightly lower WACC rate, lower expected future cash flows and relatively high replacement capital expenditure has required a further asset and right of use asset impairment of R391 million. An asset impairment of R423 million was booked in the prior year.

Net finance costs

Net finance costs of R485 million reflect an increase of 8% over the prior year and include R88 million of ratchet interest costs incurred during the year and R126 million relating to the capitalised leased assets. The positive impacts of lower rand interest rates were more than offset by the impacts of the ratchet interest rates. Excluding the ratchet interest costs, net finance costs would have declined by 11%. Net finance costs in the prior year of R448 million included R129 million that related to the first-time capitalisation of leased assets and the resultant liability. The effective interest rate for the group for the year was 5.4%, down from 2020's 7.1%.

Exchange rates	2021	2020	2019	2018	2017
Rand/UK pound					
Average	20.29	20.68	18.30	17.61	16.96
Closing	20.34	21.55	18.65	18.43	18.17
Rand/US dollar					
Average	14.83	16.24	14.35	13.11	13.38
Closing	15.11	16.69	15.17	14.14	13.56
Naira/US dollar					
Average	400.33	375.15	361.55	360.61	321.90
Closing	413.05	381.75	362.04	362.79	358.99
Kwanza/US dollar					
Average	655.82	549.67	333.94	222.09	171.74
Closing	614.21	640.10	389.49	300.72	171.75
ZWL/US dollar					
Closing*	87.67	81.44	15.20	—	—

* No average rate published as results translated at spot rate as Zimbabwe is considered a hyperinflationary economy.

Net impairment losses

	2021	2020
Impairments		
Goodwill impairments	—	2 213
Asset impairments	437	1 807
Metals	43	1 373
Rigids	391	423
Other	3	11
Reversal of impairments		
Metals	(173)	—
Net impairment losses	264	4 020

Chief financial officer's report continued

Normalised tax rate

The group's effective tax rate of 15.2 is set out in note 3.1 to the group's annual financial statements. This benefited from Angolan tax losses in the current year and deferred tax assets raised on assessed losses based on future taxable profit.

%	2021	2020
Statutory group tax rate	28.0	28.0
Government incentives	(1.1)	(2.9)
Foreign tax rate differential, withholding and other foreign taxes	2.4	2.7
Effective tax before items listed below	29.3	27.8
Tax rate changes, deferred tax not recognised, disallowed expenses, exempt income and other	(0.5)	22.0
Adjustments for prior years	3.2	(43.6)
Effective tax rate — continuing operations before impairments and loss on disposal	32.0	6.2
Impairments and loss on disposal (2020)	1.8	5.6
Effective tax rate — continuing operations before Angolan impact of utilising tax losses	33.8	11.8
Angolan losses not shielded by deferred tax	—	(2.4)
Angolan tax losses utilised in current year and deferred tax assets raised on assessed losses based on future taxable profit	(24.0)	—
Effective tax rate — continuing operations before Zimbabwean hyperinflation impact	9.8	9.4
Tax effect of Zimbabwe hyperinflation impact	5.4	(0.9)
Effective group tax rate	15.2	8.5

The effective tax rate percentages for items listed above may be different to items in note 3.1 of the Annual Financial Statements due to changes in the denominator for profit/(loss) before tax resulting from impairments and hyperinflation.

COVID-19 insurance claim

The group is in the process of formulating its claim under its insurance policy regarding losses suffered as a consequence of the COVID-19 lockdown and the associated loss of business. Estimated losses exceed the maximum limit contained in the insurance policy. As there is no certainty as to the success of the potential claim the asset has not been accounted for as it is not considered to meet the requirements of a contingent asset at this stage.

Financial position overview

Significant focus was placed on complying with the group's funding covenants, the reduction of the dollar-denominated component of the group's debt, the prudent management of capital expenditure and the optimisation of working capital. The structure and the maturity dates of facilities within the group's funding package were reviewed to optimise the group's long-term and short-term liquidity. The group complied with both its covenants at its quarterly measurement periods during the year. Impacts of significant increases in commodity prices, continued disruptions in supply chains due to the COVID-19 pandemic and increased demand from our customers required careful planning given the potential impacts on the group's funding requirements.

In terms of the funding agreements negotiated in September 2020, the group's debt funders required interest-bearing debt to be reduced by R1 billion by 30 September 2021, through a strategic asset disposal process or a combination of asset disposals and a capital raise.

Negotiations were successfully concluded with Nampak's lenders to revise certain funding requirements in light of the group's improved trading performance. After considering the group's results, the milestone date for assessment of the group's ability to reduce debt by R1 billion has been deferred to 30 June 2022. The requirement to reduce net interest-bearing debt by R1 billion by 30 September 2022 remains.

The restriction to reduce debt only through asset disposals and/or a capital raise was relaxed so as to allow the utilisation of all cash flows generated through normal operating activities, inclusive of the repayments of historical debt by the Reserve Bank of Zimbabwe, but subject to the cancellation of commensurate committed facilities. In order to reduce commitment fees on unutilised facilities, the group cancelled R2.6 billion of its historic facilities of R10.1 billion. The remaining facilities of R7.5 billion are considered adequate for the group's requirements.

Utilising the proceeds from the disposals of Glass and Cartons Nigeria, the dollar component of the group's net debt for covenant purposes was reduced to 41% at 30 September 2021 from 65% in the prior year.

The group aims to operate a working capital funding model that funds inventory holdings through trade payables with the group therefore only funding its high-quality trade receivables book. A non-recourse trade finance facility of up to R1 billion, which was secured post the year-end, will improve the working capital cycle. The group's asset base remains well capitalised with no significant capital expenditure requirements expected in the short to medium term.

In 2020 there was a significant increase in the group's gross and net gearing levels due to the reduction in equity as a consequence of R4 billion in asset and goodwill impairments, significantly reduced profitability on the back of the COVID-19 pandemic and the first time adoption of IFRS 16: Leases resulting in the inclusion of capitalised lease liabilities in gross gearing. Net gearing including and excluding the capitalised leases declined.

Short-term liquidity

The repayment date for one of the group's banking facilities that is due to be repaid on 25 September 2022 was only reset to 1 April 2023 after the year-end. The delay in the conclusion of this specific negotiation resulted in this facility being reflected as a short-term liability and consequently an increase in short-term debt of R450 million at year-end. This has adversely impacted the current and acid test ratios. The repayment terms were renegotiated to 1 April 2023 after the year-end.

Active management of working capital during a time of increasing demand was required. The current and acid test ratios remain strong at 1.5 times and 0.9 times respectively. Short-term liquidity remains sound.

Covenants and gearing

During 2021, funding covenants remained consistently below the monthly covenant threshold levels set by lenders and returned to below the originally contracted net debt to EBITDA ratio of 3.0 times by June 2021.

Liquidity utilisation of the trade finance facility will count towards the R1.0 billion debt reduction programme with commensurate reduction in facilities.

Both of the group's covenants are computed based on a rolling 12 months EBITDA which benefited during 2021 as the poor trading months from the prior year were replaced by stronger trading. A stronger rand dollar exchange rate positively impacted the translation of US dollar-denominated debt. Further steps were taken to renegotiate the group's banking

funding facilities with covenant relaxations as set out in the graph on page 36. Despite the renegotiated relaxed net debt to EBITDA covenant of 3.5 times for the period 30 September 2021 to 30 September 2022, the group achieved a net debt to EBITDA ratio of 2.74 times for the year, well within the originally contracted threshold of 3.0 times. Covenants will be measured quarterly but reported monthly to lenders for the ensuing financial year. The EBITDA interest cover ratio of 4.79 times has been adversely impacted by the inclusion of the ratchet interest costs of R88 million for the year.

Cash transfers from the rest of Africa

Please refer to the table on page 37.

Nigeria

Transfers from Nigeria were difficult due to the lack of foreign exchange in the official markets. Reliance had to be placed on secondary markets. Despite this, transfers from continuing operations were marginally higher than the previous year. The pace of transfers was slowed down in the last quarter due to the reduction in US dollar availability on the official spot market.

Angola

Dollar liquidity in Angola was better than anticipated. Transfers relative to cash generated and the balance of the US dollar-linked kwanza bonds exceeded expectations with all proceeds from the bonds having been received during the year. Year-on-year, transfers were substantially lower in the main due to fewer bonds being held and sold. Depressed demand in Angola also had a bearing on cash transfers.

Zimbabwe

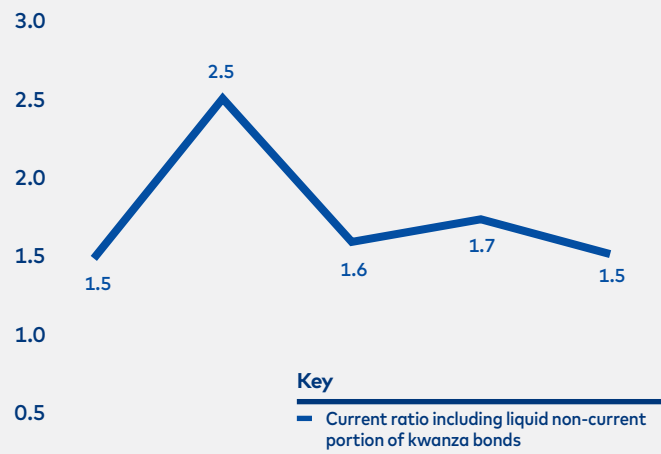
Transfers from Zimbabwe were from two sources, namely funds allocated at auction and funds transferred in accordance with the agreement with the Reserve Bank of Zimbabwe (RBZ). Transfers from both sources were erratic and the ongoing shortage of foreign exchange in Zimbabwe is playing a major role in the slowdown in transfers. This adversely impacted the transfers in terms of the agreement with the RBZ in the latter part of the financial year.

Despite this, year-on-year transfers increased substantially due to R57 million (\$4.0 million) being received from the RBZ. Despite the RBZ being contractually required to repay \$5.6 million per quarter in line with the agreement to settle the original outstanding amount of \$67 million over a period of three years from March 2021, the RBZ has committed to repay \$1 million per month while the Zimbabwean Blocked Funds Framework is being finalised. This equates to \$3.0 million per quarter or 54% of the originally contracted repayment level.

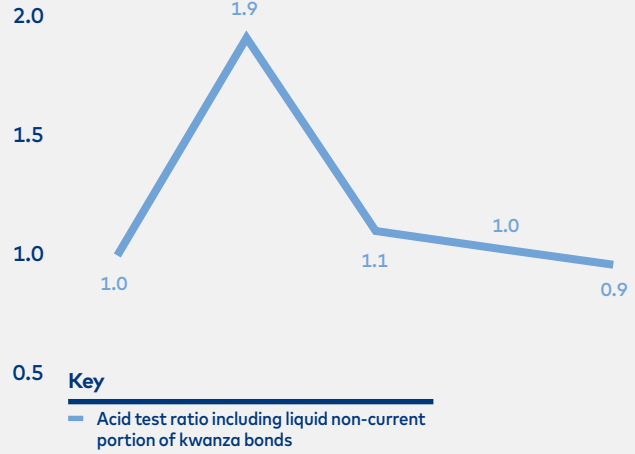
Chief financial officer's report continued

Short-term liquidity (times)

Current ratio

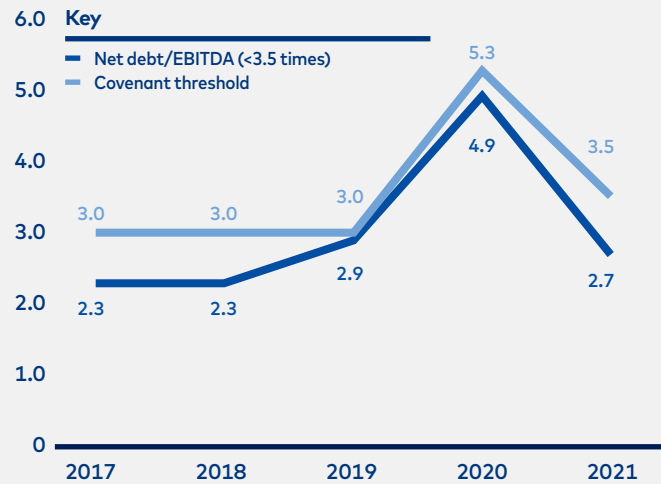


Acid test ratio

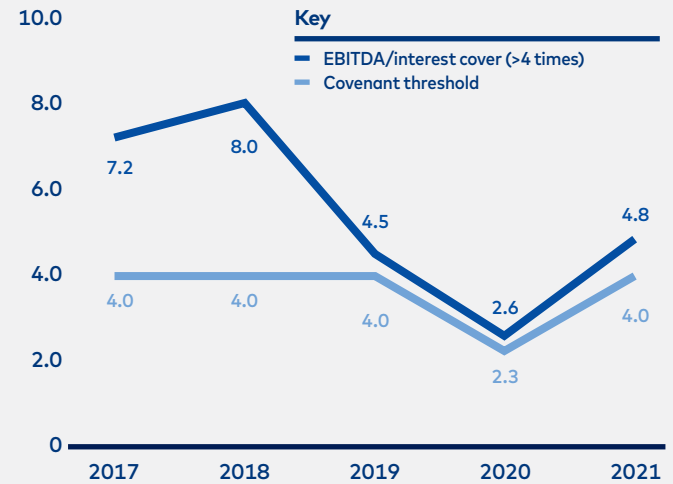


Covenants and gearing (times)

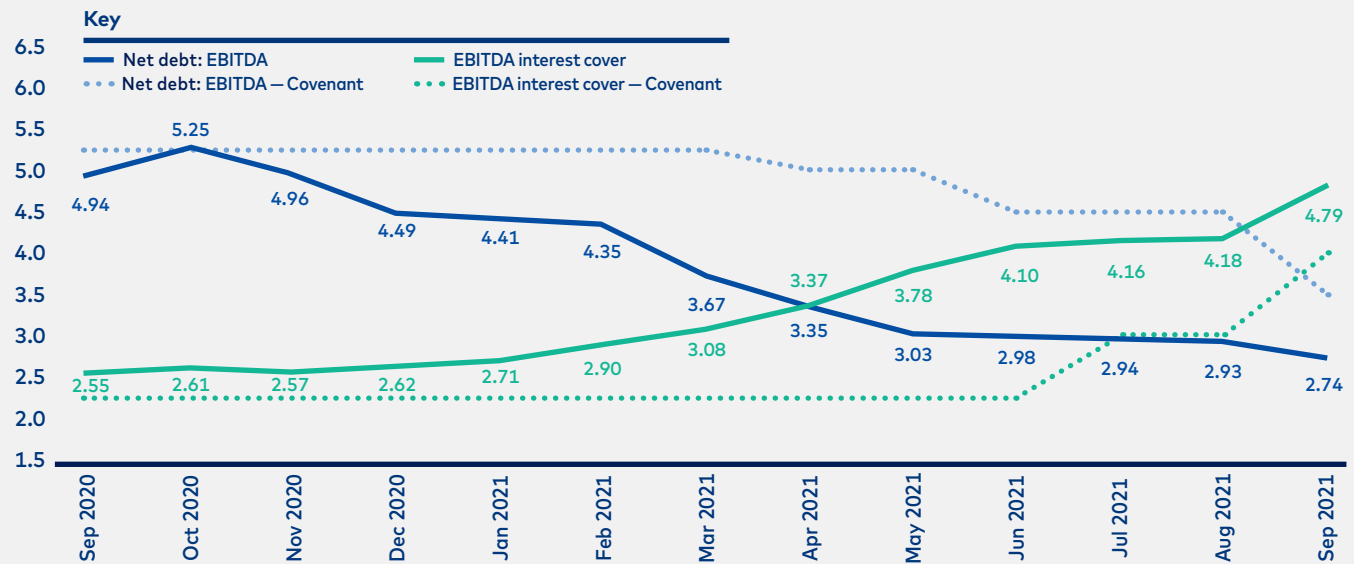
Net debt: EBITDA



EBITDA: Interest cover



Funding covenant levels for the year to September 2021 (%)

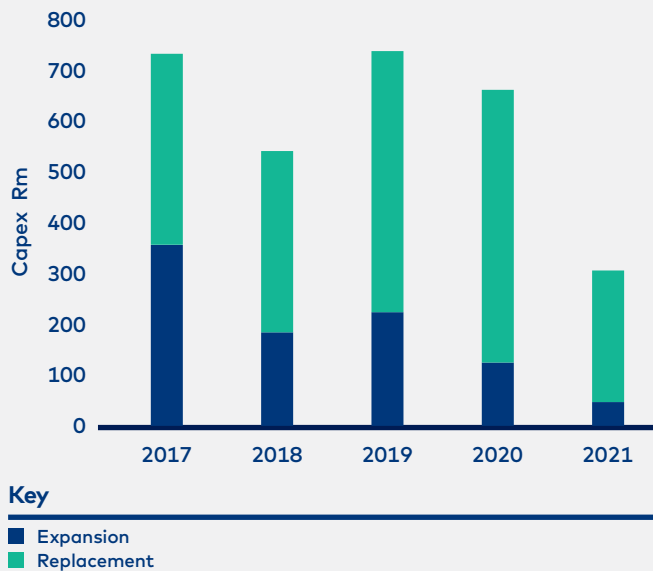


Covenant computations above reflect the adjustment for spot translation of the hyperinflationary economy – Zimbabwe.

Cash transfers from the Rest of Africa

R million	Angola	Nigeria	Subtotal	Zimbabwe	Total
30 September 2021					
Opening cash on hand — 30 September 2020	335	294	629	62	691
Cash on hand — 30 September 2021	49	437	486	79	565
(Decrease)/increase in cash — 2021	(286)	143	(143)	17	(126)
Hedged cash	3	82	85	—	85
Net unhedged cash	46	355	401	79	480
Cash transferred	683	877	1560	78	1638
% of cash on hand hedged	6	19	17	—	15
30 September 2020					
Opening cash on hand — 30 September 2019	1 041	217	1 258	57	1 315
Cash on hand — 30 September 2020	335	294	629	62	691
(Decrease)/increase in cash — 2020	(706)	77	(629)	5	(624)
Hedged cash	307	84	391	—	391
Net unhedged cash	28	210	238	62	300
Cash transferred	1 099	1 255	2 354	9	2 363
% of cash on hand hedged	92	29	62	0	57

Capital expenditure

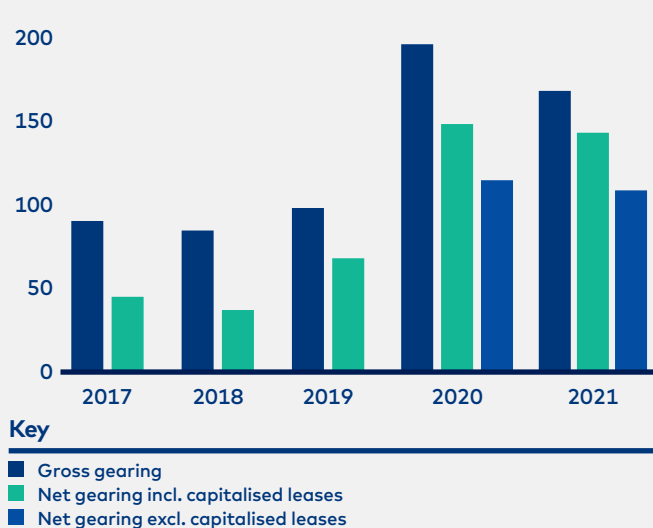


Capital expenditure

Capital expenditure remains a key focus area with replacement capital expenditure reflecting the majority of the spend for the year. Capital expenditure was reduced to R313 million from R666 million in the prior year. The 2021 spend includes R32 million of additional capital expenditure related to the additional export contracts that were secured.

A balance has been required to conserve cash and ensure that the group's well capitalised asset base is not compromised and is able to produce high-quality products for our customers. This equilibrium is maintained by a Capital Assurance Committee which carefully considers requests for capital expenditure, value contribution from these expenditures as well as the need for the required capital.

Net gearing (%)



Cash flow and working capital

Cash generated from operations

Cash generated from operations before working capital changes of R1.7 billion increased by R1.0 billion or 133% due to significantly improved profitability levels. Improved trading levels required an investment of R621 million in working capital compared to a release of R367 million from working capital in the prior year. This movement was due to the significantly contracted working capital levels at 2020 which were contracted in line with lower trading levels due to COVID-19. The higher inventory was more than funded by trade payables. The 24% increase in revenue coupled with a major customer no longer offering a trade finance platform were the main reasons for the R988 million increase in trade receivables. Post the year-end a non-recourse trade facility was entered into to partly offset this impact. This area of the business remains well managed.

Chief financial officer's report continued

Cash generated from operations

R million	2021	2020
Cash generated from operations before working capital changes	1 680	720
Net working capital changes	(621)	367
(Increase)/decrease in inventories	(389)	570
(Increase)/decrease in trade receivables and other current assets	(988)	590
Increase/(decrease) in trade payables and other current liabilities	756	(793)
Cash generated from operations	1 059	1 087
Net interest paid	(523)	(552)
Retirement benefits, contributions and settlements	(77)	(78)
Income tax paid	(152)	(42)
Cash flows from operations	307	415

Cash flows from investing activities

R million	2021	2020
Capital expenditure	(313)	(666)
Replacement	(274)	(541)
Expansion	(39)	(125)
Disposal of property, plant, equipment and investments	41	52
Capital expenditure net of disposals of property, plant, equipment and investments	(272)	(614)
Net proceeds on the disposal of businesses	—	1 568
Decrease in liquid bonds	268	457
Proceeds from RBZ receivable	57	—
Decrease in other non-current financial assets	3	2
Cash flows from investing activities	56	1 413
Cash generated before financing activities	362	1 828
Net cash and cash equivalents at end of year	1 112	1 400

Net cash interest costs decreased slightly primarily due to the effects of a stronger rand on the translation of the interest paid on dollar-denominated debt. Retirement benefits, contributions and settlements of R77 million remained in line with the prior year. Cash tax payments during the year increased mainly due to higher earnings.

Cash generated from operating activities of R307 million declined from R415 million in the prior year primarily due to the investment in working capital to fund growth. Cash generation for the operations of R1.7 billion for the year was pleasing.

Cash flow from investing activities

Capital expenditure was well managed with a significant reduction to an outflow of R313 million compared with R666 million in the prior year. Net of proceeds of property, plant, equipment and investments capital expenditure was contained at R272 million, reflecting a 56% decrease on the prior year. The Capital Assurance Committee remains highly effective.

Cash flows in the prior year were augmented by the inflow of R1.6 billion primarily from the disposals of Nampak Glass and Cartons Nigeria as well as R457 million from the disposal of US dollar-linked Angolan bonds. All these bonds matured by the end of February 2021 with an inflow for the year of R268 million. These bonds were all honoured in full and on-time and have proven to be highly effective hedges.

The group cash and cash equivalents at 30 September 2021 of R1.1 billion is lower than the prior year due to the high consumption of cash in working capital. Overall the cash flows for the year were very pleasing given the challenging times under which this was managed.

Subsequent events

On 21 October 2021, the group concluded a trade finance facility with Standard Bank Group Limited for up to R1 billion. This facility allows Nampak to sell on a non-recourse basis a portion of its accounts receivable balances at terms that are beneficial to the group. During October 2021, an amount of R206 million was utilised against this facility and applied against the R1 billion debt repayment requirement.

On 29 October 2021, the maturity date of one of the group's dollar-based banking facilities amounting to R504 million (US\$33 million) was extended from 25 September 2022 to 1 April 2023. The facility, of which R450 million was drawn-down, was classified as a short-term liability at 30 September 2021.

Going concern

Note 1.4 to the group's full annual financial statements sets out the group's going concern assessment. The board has assessed the group's consolidated budget for 2022, the resultant profitability levels, financial position and cash flows, taking into account the material factors in each of the geographies and substrates in which the group operates, the group's available funding facilities and potential assets for disposal. The board is of the view that the group has adequate access to liquidity for the foreseeable future and therefore is a going concern.

While there are material uncertainties, based on these assessments, the financial statements have been prepared on the going concern assumption on the basis that the group will continue to operate for the foreseeable future.

Outlook

Our primary focus areas for the 2022 financial year will be to further reduce the group's net interest-bearing debt by R1 billion and to comply with the group's funding covenants. Continued focus will be placed on optimising our businesses through further cost reductions wherever possible and improving operating efficiencies by leveraging the group's well-capitalised asset base. The initiatives will be augmented by tight control of working capital and capital expenditure.

The group will continue to prudently allocate capital expenditure with lower capital expenditure expected in the ensuing financial year. The Capital Assurance Committee will continue to fulfil its critical role of evaluating capital projects prior to funding being committed to such projects and to optimising the allocation to capital expenditure.

Forecasting was a key success area in 2021 and will remain a focus area in 2022.

The group remains well funded with the recently created non-recourse trade finance facility providing a mechanism that will greatly assist in meeting the requirement to repay R1 billion in interest-bearing debt by 30 September 2022. The renegotiated group funding package will allow the group further time to enhance its position, generate cash, progress identified disposals and evaluate optimal solutions to address the requirement to reduce its borrowings.

Corporate governance remains critical with the requisite structures and committees in place.

Appreciation

2021 was a year with great focus on reducing risk, stabilising operations, reducing debt and costs, enhancing profitability, increasing cash generation, limiting capital expenditure and complying with the group's covenants. The significant turnaround that was delivered required extraordinary dedication and commitment from our highly skilled and most professional finance, administration, human capital, legal, secretarial, IT and operational staff. My sincere appreciation goes to our respective teams for their outstanding dedication and their ability to adapt to changed working conditions and market dynamics.

I would like to thank the board, the group committees and our providers of funding for their continued support during this turnaround year. The group's resilience was tested over the last two years with the significant impacts of the COVID-19 pandemic. Our teams rose to the challenge admirably with great tenacity. We look forward to building on the momentum that has been created in 2021 and to leveraging off leaner costs bases and a stronger financial position during 2022.



Glenn Fullerton
Chief financial officer

Bryanston
3 December 2021

Five-year financial review

Definitions

Treasury shares

Treasury shares represent shares in Nampak Limited held by group subsidiary companies and trusts where the shares are controlled by Nampak Limited from a voting perspective.

Weighted average number of shares

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year (net of treasury shares), increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the profit of the group.

Trading profit

Operating profit adjusted for capital and other items, as well as impairment losses and impairment loss reversals.

Capital and other items

Capital items relate to items other than impairment losses/loss reversals that are adjusted for in the headline earnings per share calculation. Other items are defined as losses/(gains) which do not arise from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the year.

Net operating assets

Total assets, excluding current and deferred tax balances, bank balances and deposits, and liquid bonds and other loan receivables, less trade and other current payables, provisions and other non-current liabilities.

EBITDA

Operating profit before net impairment losses, depreciation and amortisation.

EBITDA (debt covenants)

Trading profit before depreciation and amortisation adjusted for unrealised foreign exchange losses/(gains) and lease payments.

Net debt

Loans, lease liabilities and bank overdrafts, less bank balances, deposits, liquid bonds and other loan receivables and cash received in terms of the trade finance facility.

Net debt (debt covenants)

Loans and bank overdrafts, less qualifying bank balances and deposits.

Net finance costs (debt covenants)

Finance costs (including capitalised finance costs) less finance income.

Employee numbers used for calculations

Total number of employees adjusted for discontinued operations.

Market capitalisation

Number of ordinary shares in issue multiplied by the year-end market price per share.

Return on equity

$\frac{\text{Profit attributable to ordinary shareholders}}{\text{Average shareholder's equity}}$

Return on net assets

$\frac{\text{Trading profit, investment income and share of profit in associates and joint ventures}}{\text{Average net assets}}$

Net asset turn

$\frac{\text{Revenue}}{\text{Average net operating assets}}$

Return on invested capital

$\frac{\text{Trading profit adjusted for notional taxation}}{\text{Average net debt and average total equity}}$

Current ratio

$\frac{\text{Current assets including non-current assets classified as held for sale, less inventories}}{\text{Current liabilities including liabilities directly associated with assets classified as held for sale}}$

Acid-test ratio

$\frac{\text{Current assets excluding inventories, including non-current assets classified as held for sale}}{\text{Current liabilities including liabilities directly associated with assets classified as held for sale}}$

Net debt to EBITDA (debt covenants)

$\frac{\text{Net debt (debt covenants)}}{\text{EBITDA (debt covenants)}}$

EBITDA interest cover (debt covenants)

$\frac{\text{EBITDA (debt covenants)}}{\text{Net finance costs (debt covenants)}}$

Gross gearing

$\frac{\text{Loans, lease liabilities and bank overdrafts}}{\text{Total equity}}$

Net gearing

$\frac{\text{Net debt}}{\text{Total equity}}$

Productivity per employee

$\frac{\text{EBITDA (adjusted for net impairment losses)}}{\text{Employee numbers used for calculations}}$

Employment cost per employee

$\frac{\text{Employee benefit expense}}{\text{Employee numbers used for calculations}}$

Earnings yield

$\frac{\text{Headline earnings per share}}{\text{Year-end market price per share}}$

Price/earnings ratio

$\frac{\text{Year-end market price per share}}{\text{Headline earnings per share}}$

R million		2021	2020	2019	2018	2017
Statistics						
Earnings and dividend data						
Weighted number of ordinary shares in issue	'000	645 469	644 935	644 727	643 374	640 496
Headline earnings/(loss) per share	cents	62.3	(87.7)	(19.4)	151.4	123.8
Continuing operations	cents	62.3	(77.6)	54.1	173.3	180.1
Discontinued operations	cents	—	(10.1)	(73.5)	(21.9)	(56.3)
Change over previous year (continuing operations)	%	180	(243)	(69)	(4)	77
Earnings/(loss) per share	cents	32.1	(537.7)	(132.1)	76.0	36.6
Continuing operations	cents	32.1	(594.9)	42.2	176.7	176.5
Discontinued operations	cents	—	57.2	(174.3)	(100.7)	(139.9)
Change over previous year (continuing operations)	%	105	(1 510)	(76)	—	(30)
Financial data						
Return on equity						
Continuing operations	%	4.2	(55.1)	2.8	11.7	12.2
Continuing and discontinuing operations	%	4.2	(49.8)	(8.8)	5.0	2.5
Return on net assets						
Continuing operations	%	12.8	5.5	11.3	14.6	15.4
Continuing and discontinuing operations	%	12.8	5.6	9.6	12.5	12.3
Net asset turn						
Continuing operations	times	1.3	0.9	1.1	1.2	1.2
Continuing and discontinuing operations	times	1.3	0.9	1.1	1.2	1.2
Return on invested capital						
Continuing operations	%	9.8	4.4	7.9	9.9	10.2
Continuing and discontinuing operations	%	9.8	4.8	7.7	10.0	10.1
Current ratio	times	1.5	1.7	1.5	2.2	1.3
Current ratio (including non-current portion of liquid bonds)	times	1.5	1.7	1.6	2.5	1.5
Acid-test ratio	times	0.9	1.0	1.0	1.6	0.8
Acid-test ratio (including non-current portion of liquid bonds)	times	0.9	1.0	1.1	1.9	1.0
EBITDA interest cover — debt covenants	times	4.8	2.6	4.5	8.0	7.2
EBITDA — continued operations		1 655.3	253.6	1 606.1	2 091.2	2 402.2
EBITDA — covenants		1 716.2	1 067.9	2 026.5	2 636.1	2 798.2
Effective rate of tax	%	15.2	8.9	(21.5)	(19.8)	37.5
Net debt		6 185.5	6 282.2	5 598.4	3 929.8	4 351.8
Gross gearing	%	173.1	197.2	98.5	84.9	90.7
Net gearing	%	143.8	149.1	68.2	37.0	45.0
Net gearing — excluding lease liabilities	%	109.1	115.2	68.2	37.0	45.0
Net debt to EBITDA — debt covenants	times	2.7	4.9	2.9	2.3	2.3
Number ordinary shares in issue*	'000	645 744	645 081	644 730	644 723	640 620
Net asset value per ordinary share	cents	748	773	1 385	1 573	1 454
— Change over previous year	%	(3)	(44)	(12)	8	1
Employee data						
Permanent employees		4 252	4 454	5 766	6 082	6 420
Temporary employees		1 285	738	878	1 502	1 706
Total employees		5 537	5 192	6 644	7 584	8 126
Employee numbers used for calculations		5 537	5 192	5 865	6 676	7 353
Revenue per employee	R'000	2 521	2 172	2 497	2 391	2 171
Employment cost per employee	R'000	421	400	395	378	342
Productivity per employee	Index	251	(725)	13	23	24

* Net of Treasury shares.

Five-year financial review continued

	2021	2020	2019	2018	2017
Operating results	R million				
Continuing operations					
Revenue	13 958.4	11 277.9	14 642.4	15 963.3	15 965.8
Trading profit	1 421.5	682.1	1 557.7	1 968.4	1 988.3
Operating profit/(loss)	930.6	(4 303.2)	253.8	1 574.7	1 776.8
Profit/(loss) after tax from continuing operations	377.4	(4 348.8)	(389.7)	1 216.7	1 251.5
Discontinued operations					
Profit/(loss) from discontinued operations	—	368.7	(1 123.9)	(647.6)	(895.5)
Profit/(loss) for the year	377.4	(3 980.1)	(1 513.6)	569.1	356.0
Attributable to:					
Equity holders of Nampak Limited	207.2	(3 467.6)	(851.6)	489.2	234.8
Non-controlling interests	170.2	(512.5)	(662.0)	79.9	121.2
Total	377.4	(3 980.1)	(1 513.6)	569.1	356.0
Statements of financial position					
Property, plant and equipment	5 360.9	5 905.8	7 195.2	8 177.0	10 151.4
Right of use assets	666.7	880.7	—	—	—
Intangible assets (including goodwill)	1 846.7	2 042.4	3 904.3	3 708.0	3 568.8
Deferred tax and other non-current assets	561.8	543.2	1 312.5	1 996.7	1 235.1
Current assets	7 529.3	6 822.2	10 047.6	12 032.4	10 274.6
Total assets	15 965.4	16 194.3	22 459.6	25 914.1	25 229.9
Total equity	4 301.1	4 214.5	8 209.9	10 612.5	9 681.1
Loans — non-current	4 474.3	5 755.2	6 132.8	8 023.1	6 007.2
Lease liabilities — non-current	1 192.7	1 291.2	—	—	—
Retirement benefit obligations	801.2	775.5	923.9	1 478.4	1 558.0
Deferred tax and other non-current liabilities	188.0	257.2	546.1	266.7	359.3
Current liabilities	5 008.1	3 900.7	6 646.9	5 533.4	7 624.3
Total equity and liabilities	15 965.4	16 194.3	22 459.6	25 914.1	25 229.9

		2021	2020	2019	2018	2017
Cash flow						
	R million					
Cash generated from operations before working capital changes		1 680.4	720.1	1 846.7	2 272.2	2 395.1
Cash generated from operations		1 059.2	1 087.1	1 141.4	1 595.3	2 068.3
Cash generated from operating activities		306.6	414.7	263.5	821.1	1 390.6
Additions to property, plant, equipment and intangibles		(312.9)	(666.2)	(734.8)	(536.4)	(735.3)
Net (decrease)/increase in cash and cash equivalents		(208.0)	11.1	532.8	1 983.5	(1 419.0)
Share performance						
Market price per share						
Highest	cents	361	1 110	1 617	1 930	2 361
Lowest	cents	81	60	833	1 288	1 551
Year-end	cents	335	90	949	1 534	1 760
Number of ordinary shares in issue	'000	690 475	689 812	689 812	689 812	689 404
Market capitalisation	R million	2 313	621	6 546	10 582	12 134
Volume of shares traded	'000	1 088 106	532 662	206 123	416 939	539 937
Value of shares traded	R million	2 562.6	1 742.2	2 519.0	6 656.3	9 814.4
Volume of shares traded as a percentage of total issued shares	%	157.6	77.2	29.9	60.4	78.3
Earnings yield	%	18.6	(97.4)	(2.0)	9.9	7.0
Price/earnings ratio	times	5.4	(1.0)	(49.0)	10.1	14.2
Exchange rates						
Rand/UK pound						
Average		20.29	20.68	18.30	17.61	16.96
Closing		20.34	21.55	18.65	18.43	18.17
Rand/Euro						
Average		17.73	18.19	16.18	15.58	14.78
Closing		17.49	19.56	16.54	16.41	15.98
Rand/US dollar						
Average		14.83	16.24	14.35	13.11	13.38
Closing		15.11	16.69	15.17	14.14	13.56
Naira/US dollar						
Average		400.33	375.15	361.55	360.61	321.90
Closing		413.05	381.75	362.04	362.79	358.99
Kwacha/US dollar						
Average		655.82	549.67	333.94	222.09	171.74
Closing		614.21	640.10	389.49	300.72	171.75
RTGS/US dollar						
Closing*		87.67	81.44	15.20	—	—

* No average rate is disclosed as Zimbabwe is considered to be a hyperinflationary economy and the results of the Zimbabwe group companies are, therefore, translated at the closing rate.

Consolidated statement of comprehensive income

for the year ended 30 September 2021

R million	2021	Restated ¹ 2020
Revenue	13 958.4	11 277.9
Raw materials and consumables used	(7 695.8)	(6 303.0)
Employee benefit expense	(2 330.0)	(2 078.2)
Depreciation and amortisation expense	(460.4)	(536.6)
Other operating expenses	(2 459.5)	(2 475.5)
Other operating income	177.7	96.2
Operating profit/(loss) before items below	1 190.4	(19.2)
Net impact of devaluation associated with Zimbabwe	4.5	(263.8)
Net foreign exchange gains/(losses)	0.8	(81.9)
Monetary adjustment for hyperinflation	(4.5)	(181.9)
Net measurement of expected credit loss allowance – Reserve Bank of Zimbabwe financial instrument	8.2	–
Operating profit/(loss) before net impairment losses	1 194.9	(283.0)
Net impairment losses	(264.3)	(4 020.2)
Operating profit/(loss)	930.6	(4 303.2)
Finance costs	(506.2)	(524.1)
Finance income	21.6	76.5
Share of net (loss)/profit in associates and joint venture	(0.9)	0.5
Profit/(loss) before tax	445.1	(4 750.3)
Income tax (expense)/benefit	(67.7)	401.5
Profit/(loss) for the year from continuing operations	377.4	(4 348.8)
Profit for the year from discontinued operations ²	–	368.7
Profit/(loss) for the year	377.4	(3 980.1)
Other comprehensive (loss)/income for the year, net of tax		
Items that will not be reclassified to profit or loss		
Net actuarial (loss)/gain from retirement benefit obligations	(32.4)	72.7
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations excluding Zimbabwe operations	(237.1)	703.2
Exchange differences on translation and hyperinflation effects of Zimbabwe operations	(14.6)	(592.7)
Fair value loss on liquid bonds	–	(9.9)
(Loss)/gain on cash flow hedges	(0.5)	11.3
Other comprehensive (loss)/income for the year, net of tax	(284.6)	184.6
Total comprehensive income/(loss) for the year	92.8	(3 795.5)
Profit/(loss) attributable to:		
Owners of Nampak Limited	207.2	(3 467.6)
Non-controlling interest in subsidiaries	170.2	(512.5)
Total	377.4	(3 980.1)
Total comprehensive income/(loss) attributable to:		
Owners of Nampak Limited	(151.9)	(3 492.6)
Non-controlling interest in subsidiaries	244.7	(302.9)
Total	92.8	(3 795.5)
Earnings/(loss) per share		
Basic (cents per share)	32.1	(537.7)
Diluted (cents per share)	32.1	(537.2)

1 Operating profit/(loss) has been restated to include net impairment losses. Refer to note 2.2 of the detailed financial statements.

2 There were no discontinued operations in the current year. Refer to note 4 of the previous year's detailed financial statements for details of the profit for the year from discontinued operations.

Consolidated statement of financial position

at 30 September 2021

R million	2021	2020*
Assets		
Non-current assets		
Property, plant, equipment and investment property	5 360.9	5 905.8
Right of use assets	666.7	880.7
Goodwill	1 711.8	1 877.9
Other intangible assets	134.9	164.5
Investments in associates and joint ventures	17.5	14.9
Deferred tax assets	466.2	388.6
Loan and lease receivables – non-current	78.1	139.7
	8 436.1	9 372.1
Current assets		
Inventories	2 910.9	2 815.9
Trade and other current receivables	2 800.3	1 980.6
Tax assets	16.3	45.5
Loan and lease receivables – current	43.3	358.6
Bank balances and deposits	1 136.6	1 528.9
	6 907.4	6 729.5
Assets classified as held for sale	621.9	92.7
Total assets	15 965.4	16 194.3
Equity and liabilities		
Capital and reserves		
Share capital	35.5	35.5
Capital reserves	(226.9)	(227.6)
Other reserves	109.5	475.7
Retained earnings	4 911.7	4 701.3
Shareholders' equity	4 829.8	4 984.9
Non-controlling interests	(528.7)	(770.4)
Total equity	4 301.1	4 214.5
Non-current liabilities		
Loans – non-current	4 474.3	5 755.2
Lease liabilities – non-current	1 192.7	1 291.2
Retirement benefit obligation	801.2	775.5
Deferred tax liabilities	175.3	242.3
Other non-current liabilities	12.7	14.9
	6 656.2	8 079.1
Current liabilities		
Trade and other current payables	2 892.6	2 327.4
Provisions	192.0	275.4
Tax liabilities	36.6	34.9
Loans and lease liabilities – current	1 577.0	1 134.5
Bank overdrafts	25.0	128.5
	4 723.2	3 900.7
Liabilities directly associated with assets classified as held for sale	284.9	–
Total equity and liabilities	15 965.4	16 194.3

* Bank overdrafts have been disaggregated from loans and lease liabilities – current for enhanced disclosure. Loans and lease liabilities – current have, therefore, been re-presented.

Consolidated statement of changes in equity

for the year ended 30 September 2021

R million	2021	2020
Opening balance	4 214.5	8 209.9
Adjustment to opening balance — adoption of new standards ¹	—	(209.0)
Net shares issued during the year	2.0	—
Share-based payment expense/(reversal)	3.3	(13.6)
Share grants forfeited	(1.3)	—
Net impact of Zimbabwe debt capitalised	—	155.8
Disposal of businesses ²	—	(153.0)
Disposal of liquid bonds ³	(10.1)	20.0
Total comprehensive income/(loss) for the year	92.8	(3 795.5)
Dividends paid	(0.1)	(0.1)
Closing balance	4 301.1	4 214.5
Comprising:		
Share capital	35.5	35.5
Capital reserves	(226.9)	(227.6)
Share premium	270.9	268.9
Treasury shares	(513.4)	(513.4)
Share-based payments reserve	15.6	16.9
Other reserves	109.5	475.7
Foreign currency translation reserve	787.6	1 113.8
Financial instruments hedging reserve	—	0.5
Recognised actuarial losses reserve	(634.9)	(602.5)
Other ⁴	(43.2)	(36.1)
Retained earnings	4 911.7	4 701.3
Shareholders' equity	4 829.8	4 984.9
Non-controlling interests	(528.7)	(770.4)
Total equity	4 301.1	4 214.5

1 IFRS 16: Leases.

2 Cumulative translation reserve gain relating to foreign operations recycled through profit/loss on disposal.

3 Cumulative fair value (gains)/losses relating to liquid bonds measured at fair value through other comprehensive income recycled through profit/loss on disposal.

4 Other reserves relate to a put option in favour of the Botswana Development Corporation created on the acquisition of the group's interest in Nampak DivFood Botswana (Pty) Ltd of R17.0 million and deferred tax on the equity contribution by NIL to Nampak Zimbabwe of R26.2 million. During the year, the cumulative fair value gains relating to liquid bonds (R7.1 million after non-controlling interests of R3.0 million) were recycled to profit and loss on the disposal of the bonds.

Consolidated statement of cash flows

for the year ended 30 September 2021

R million	2021	2020
Cash flows from operating activities		
Cash receipts from customers	12 941.4	11 945.5
Cash paid to suppliers and employees	(11 882.2)	(10 858.4)
Cash generated from operations	1 059.2	1 087.1
Interest received	21.0	77.3
Interest paid	(544.0)	(629.7)
Retirement benefits, contributions and settlements	(77.5)	(77.9)
Income tax paid	(152.0)	(42.0)
Cash flows from operations	306.7	414.8
Dividends paid	(0.1)	(0.1)
Cash generated from operating activities	306.6	414.7
Cash flows from investing activities		
Capital expenditure	(312.9)	(666.2)
Replacement	(273.7)	(541.4)
Expansion	(39.2)	(124.8)
Disposal of property, plant, equipment and investments	40.9	51.8
Net proceeds on the disposal of businesses	—	1 568.3
Proceeds on disposal of liquid bonds	267.8	456.6
Proceeds from RBZ receivable	57.4	—
Decrease in other non-current financial assets	2.3	2.5
Cash generated from investing activities	55.5	1 413.0
Net cash generated before financing activities	362.1	1 827.7
Cash flows from financing activities		
Non-current loans raised	1 499.6	2 388.4
Non-current loans repaid	(1 998.5)	(4 127.5)
Net current loans raised	—	1.5
Lease liabilities repaid	(71.2)	(79.0)
Cash repaid in financing activities	(570.1)	(1 816.6)
Net (decrease)/increase in cash and cash equivalents	(208.0)	11.1
Net cash and cash equivalents at beginning of year	1 400.4	1 358.4
Translation of cash in foreign subsidiaries	(80.8)	30.9
Net cash and cash equivalents at end of year	1 111.6	1 400.4

Operational review

Metals



FINANCIAL CAPITAL

Revenue

R9 928m

(2020: R7 853m)

Trading profit

R1 091m

(2020: R421m)

Trading margin

11.0%

(2020: 5.4%)



HUMAN CAPITAL

Employees

2 563

(2020: 2 649)

LTIFR

0.12

(2020: 0.28)



NATURAL CAPITAL

Energy use

1 757 540GJ

(2020: 1 488 866GJ)

Scope 1 and 2 greenhouse gas emissions intensity (t/CO₂e/Rm revenue)

21.0

(2020: 23.2)



Bevcan is Africa's largest beverage can manufacturer. Our cans make up most of the South African market and half of the Nigerian market. In Angola, we are the only producer of beverage cans, with two lines that produce aluminium cans. We have two state-of-the-art production sites in South Africa and one each in Nigeria and Angola.

DivFood has five operating units in South Africa, manufacturing two- and three-piece tinplate food cans and a variety of other diversified tinplate and aluminium packaging products. In South Africa, we are the only producer of rectangular meat and monobloc aerosol cans. Around 60% of our sales are to the food and beverage industry. Our general metal businesses in other countries in the Rest of Africa produce a similar range of products but on a much smaller scale.

South Africa

Performance

Bevcan South Africa performed well in the year, with sales volumes boosted by export contracts and a local market recovery despite ongoing restrictions on the hosting of sporting events as well as intermittent restrictions on the sale of alcohol related to COVID-19 lockdowns.

Strong growth in demand for beer and energy drinks — particularly those packaged in **440** and **500ml cans** — as well as a shortage of returnable glass bottles also supported volumes, while volumes of beverage cans for CSDs remained relatively flat as demand for smaller-sized, immediate-consumption packs remained subdued.

In a competitive market, we defended our market share by renewing a substantial supply agreement with a multi-national customer for another two years. We reported further improvements in our world-class safety performance and remained focused on providing excellent levels of customer service, reducing our operating costs as well as improving operational efficiencies.

To ensure that we continue to have the specialist skills required to operate our facilities, in the year we kept investing in the training, mentoring and upskilling of staff.

DivFood had a much-improved overall performance, returning to profitability after significant losses in the prior year. The quality and safety performance improved and the LTIFR came down to 0.30 in a year marked by significant equipment relocation and installation in addition to increased operating activity.

The benefits of our continuing restructuring efforts and an improvement in the operating environment led to some recovery in volumes. We decommissioned a significant part of the manufacturing capacity at our Vanderbijlpark plant, relocating it to the Western Cape to better align with both the import supply chain of raw materials and with our customers.

We rationalised operations, making some permanent positions redundant in Vanderbijlpark, resulting in some retrenchments. However, we created new positions in our Paarl and Epping factories and were pleased that a number of employees moved from Vanderbijlpark to the Western Cape.

Volumes improved on an easing of lockdown regulations on non-essential goods and a reduced impact of alcohol-specific COVID-19 regulations. Homecare volumes in the **tinplate aerosol** market expanded and home cooking trends supported volumes of **food-related metal closures**. **Shoe polish** and **paint can** demand remained depressed. **Fish can** sales were also disappointing as supply chain disruptions impacted the availability of imported frozen fish for canning.

The business had to contend with significant increases in tinplate prices and sea freight rates. Supply out of China and Japan was challenged by the limited availability of shipping containers as suppliers ran into significant backlogs.

In South Africa, the social unrest during July and the subsequent cyber attacks at the ports authority further complicated and delayed the availability of some materials to our operations, unfortunately impacting some supply to customers. During the civil unrest, we closed our Mobeni operation for 14 days. It did not suffer any operational damage, and we restarted operations as calm returned to KwaZulu-Natal.

Due to the improved financial performance and restructuring benefits supporting stronger prospects, we reversed R101 million of the impairment raised in 2020. A provision of R27 million was raised for specific assets held for sale.

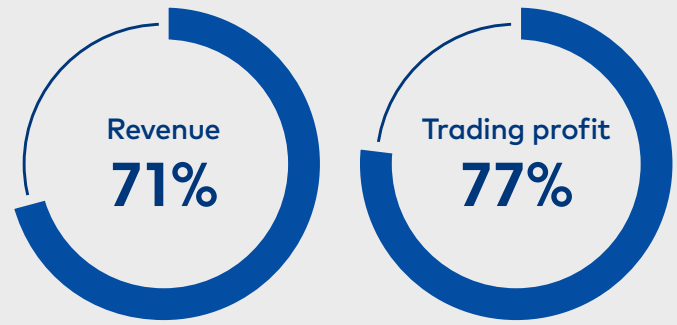
Outlook

Bevcan expects that demand for **beverage cans**, in particular the larger can formats as well as the **300ml slender can**, will remain strong during the new financial year, driven by a greater demand for environmentally friendly packaging alternatives. By securing a new export contract for the supply of **beverage can ends**, we will optimise the utilisation of our ends plant.

The expected backward integration in 2022 by a CSD and energy drink customer who will start-up a beverage can line will bring to four the number of local manufacturers. This could increase competitive pressure. The shortage of returnable glass bottles is forecast to continue into the new year, supporting beverage can demand. The export of beverage cans to North America ended in 2021 and is unlikely to be repeated in 2022.

At **DivFood**, we expect a full year of restructuring benefits to flow through into 2022 after the equipment that was relocated to the Western Cape was only commissioned in the second half of 2021. We anticipate a further normalisation of the economy and an improvement in volumes as the impact of the pandemic subsides. With industry stock levels of **fish cans** at very low levels, we expect a recovery in these volumes in the new financial year. We continue to invest in developing technical resources to manage and run our operations; our field service engineers support our customers in their factories and Nampak R&D continues to provide technical support to our operations and customers.

Contribution to group



Rest of Africa

Performance

Bevcan in Nigeria put in a strong performance in 2021, with double-digit volume increases over the prior year. This was mainly the result of an overall increase in demand as well as the benefit of an increased contractual allocation secured in the previous year. The plant continued to operate at world-class levels of efficiency and safety with extremely low levels of spoilage. To meet buoyant demand, we increased the capacity of the line in the year, with the addition of a new bodymaker in May 2021.

Demand at **Bevcan Angola** remained subdued because of a weak economy, pandemic restrictions and border closures. Nevertheless, profitability improved as we contained operating costs in line with lower demand, which also allowed us to complete the conversion of our tinplate line to aluminium. In the year, we reversed a US\$4.7m prior year asset impairment because of **Bevcan's** better-than-expected financial performance in Angola.

Our **general metal packaging** operations performed well in **Nigeria**, benefiting from the restructuring carried out in 2020. Despite continuing economic hardship and difficulties in securing sufficient raw materials in **Zimbabwe**, our operations performed very well and profitability improved. In **Tanzania**, the business operated profitably following on the significant restructuring, overhead cost reduction and product line rationalisation in 2020. In **Kenya**, demand for metal cans and ends was weak due to reduced green bean and pineapple crop yields.

Outlook

In **Angola**, **Bevcan** will maintain our focus on further reducing operating costs while maintaining positive cash generation. Should there be an improvement in the overall economy — and an opening of borders to the **DRC**, the destination for many of our customer's filled products — we will be able to benefit immediately given our installed production capacity for aluminium cans. In **Nigeria**, we remain focused on opportunities where we can further optimise operational capacity and efficiency to take advantage of the strong demand for beverage cans.

In **general metal packaging** we continue to look for opportunities to increase demand for our products in **Kenya**, which now has a significantly improved cost base to compete in the market when demand picks up.

Operational review

Plastics

Nampak has 13 plastics facilities and one liquid cartons facility in **South Africa**, running lines for customers across various industries. We make PET bottles; HDPE bottles; closures; paper-based Pure Pak® and conical gable-top cartons; drums, crates and tubes. In the **Rest of Africa**, we have conical carton, bottle, preform, crate and closure businesses and are the leading producer of rigid plastic packaging in Zimbabwe and Zambia.

South Africa

Performance

With a focus on optimisation and further cost reduction, Nampak Plastics returned to profitability in 2021. Our sales potential, however, was severely affected by COVID-19 lockdown regulations and civil unrest in Gauteng and KwaZulu-Natal. This led to a drop in demand for the **bottles and closures** in which our customers pack water, juice and CSDs. Milk shortages from the first quarter of 2021 also disrupted typical sales patterns.

Demand for single-use small pack sizes was negatively impacted by the various lockdowns, dampening sales of **bottles and closures**. Intermittent restrictions on the sale of alcohol continued to disrupt demand for **plastic wine bottles**. Consumer demand for motor oil packaged in **HDPE bottles** remained subdued. However, improvements in operational costs and efficiencies, coupled with sustained demand in sales of **drums, crates and tubes**, improved profitability.

Among the most significant optimisation initiatives delivered in the year were the rationalisation and restructuring of the tubes and Gqeberha plants; the closure of the eSwatini and Polokwane plants; the restructuring of management; the reduced use of overtime; as well as the reduced reliance on fixed-term contractors.

We disposed of the Tubes business in South Africa for R32 million plus inventory of R17 million. At transaction close date, the final amount may be adjusted based on the inventory stock take value. The Tubes business maintains, on average, a monthly inventory value of R20 million. As a result, on 30 September 2021 we signed a deal with a total purchase price of R49 million.

The continuing impact of COVID-19 as well as of civil unrest; underutilised assets; the restructuring initiatives and the sale of certain businesses impacted our performance in 2021. We anticipate lower future cash flows from operations, as well as a higher level of replacement capital expenditure. As a result, we increased our impairments further to R391 million.

Demand for **crates** in which to transport bread remained good, supported by greater home consumption of bread during lockdowns. We also saw a rise in demand for both small and large **drums**, with a notable increase in demand for drums for export products.

We continued to participate in the plastics industry's environmental initiatives through our membership of PETCO, Polyco and SAICRA. We also prioritised innovation to improve our products' recyclability as well as the increased use of recycled material.



FINANCIAL CAPITAL

Revenue

R2 996m

(2020: R2 479m)

Trading profit

R287m

(2020: R143m)

Trading margin

9.6%

(2020: 5.7%)



HUMAN CAPITAL

Employees

1 129

(2020: 1 185)

LTIFR

0.51

(2020: 0.50)



NATURAL CAPITAL

Energy use

350 507GJ

(2020: 337 904GJ)

Scope 1 and 2 greenhouse gas emissions intensity (t/CO₂e/Rm revenue)

33.2

(2020: 38.5)

Our **liquid cartons** business reported improved volumes and profitability, in a rebound from more severe COVID-19 restrictions in 2020. The unbleached board we use to produce cartons for extended shelf-life milk maintained its market position, even though fresh milk continued to lose market share to aseptically packaged milk.

In the year, we became a founding member of the Fibre Circle, a non-profit organisation working to better manage the impact of paper packaging on the environment.

Outlook

In 2022, we will continue to rationalise our Plastics portfolio, where it makes sense to, and reduce overhead costs to further improve our competitiveness. The business enjoys a good reputation for trusted products and reliable service to a solid customer base. By addressing overhead costs, we will look to improve net margins. Capital expenditure will be focused on improving the return on invested capital.

We remain upbeat on the outlook for the **liquid cartons** business now that we have registered the Elopak Nampak Africa joint venture in Kenya and we will continue to actively pursue new customers for the production and export of cartons for aseptic and fresh product markets in sub-Saharan Africa.

Rest of Africa

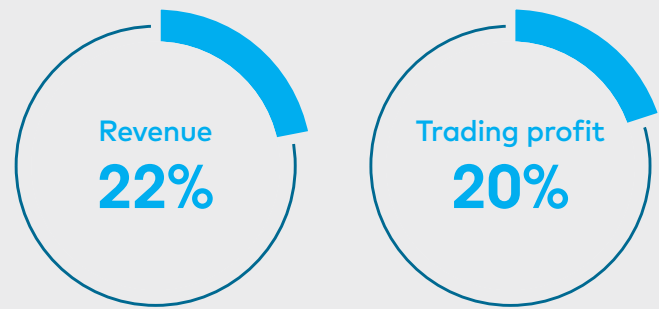
Performance

In **Zimbabwe**, we met demand to the extent that foreign currency was available and raw material imports could be sourced. Trading profit improved on the back of robust demand. To limit its exposure to currency fluctuations, the business self-funds all its operational and capital requirements, re-investing cash generated into raw material, operations and equipment.

In **Zambia**, we installed a second crate manufacturing line at Ndola to fulfil the requirements of a new contract to supply crates. Profitability improved on the back of higher conical cartons sales volumes. Nampak remained one of the major suppliers to the Zambian plastic bottles and closures market.

In **Ethiopia**, the impact of the pandemic on the economy led to lower demand for our crates, but the operation remained efficient.

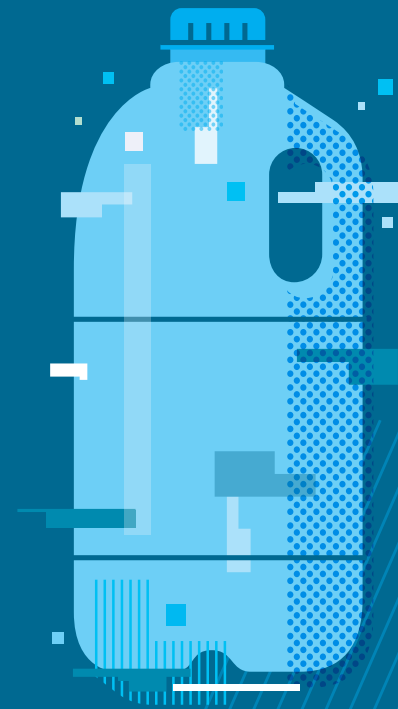
Contribution to group



Outlook

Our **Zimbabwe** business has an experienced and stable management team, good production capabilities and is poised to respond to improved demand when the economic climate improves.

In all markets, we continue to look for opportunities to optimise costs while driving incremental innovation and capital efficiency.



Operational review

Paper



FINANCIAL CAPITAL

Revenue

R1 034m

(2020: R946m)

Trading profit

R187m

(2020: R158m)

Trading margin

18.1%

(2020: 16.7%)

In the **Rest of Africa**, Nampak supplies paper packaging to a range of sectors, including the milling, tobacco and sorghum beer industries. In most of these markets we are the major producer. Among our extensive product range are beverage cartons, sacks, self-opening bags, corrugated tobacco cases and corrugated boxes.

Rest of Africa

Performance

The Paper business increased its trading profit by 18% compared to the prior year, remaining cash positive and maintaining strong market positions.

In **Zambia**, we had a good year, selling significantly more **conical cartons** as we benefited from our enlarged and diversified customer base which includes several independent brewers. As a result of these higher volumes from new customers – many of whom were previously bottling their beer in plastic bottles and bulk containers – we recorded improved profitability.

The revitalisation of an existing contract in **Malawi** led to increased conical carton sales, supporting the business and profitability despite the adverse impact on overall demand of COVID-19 lockdown restrictions. We continued to benefit from restructuring initiatives in prior years, which reduced general overheads. Production activities in Malawi are made up of flame sealing of conical cartons and stitching of **tobacco cases** rather than the first stage of production, which is carried out in **Zambia** and **Zimbabwe** respectively.

In **Zimbabwe**, we remained the main supplier of paper packaging, with demand for our locally made products strong, supporting a rise in turnover, and benefiting from fewer imports of the **large corrugated cases** used to package tobacco.

The operating environment remained difficult: securing raw material inputs was the most significant challenge amid limited foreign exchange availability. Among other challenges were supply chain disruptions related to the civil unrest in parts of South Africa in July, which led to some shortages and delays in the delivery of brown paper reels required for the tobacco season. The business, which operates well maintained and well capitalised facilities, used local cash balances to invest in upgrades to factory infrastructure.

In **Kenya**, demand for **self-opening bags** was affected by the vertical integration of millers into self-opening bag production and a significant portion of the milling industry moving into the informal milling sector.



HUMAN CAPITAL

Employees

417

(2020: 452)

LTIFR

0.23

(2020: 0.30)



NATURAL CAPITAL

Energy use

45 773GJ

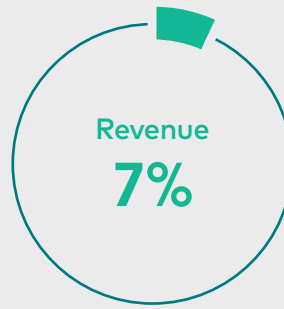
(2020: 45 564GJ)

Scope 1 and 2 greenhouse gas emissions intensity
(t/CO₂e/Rm revenue)

7.1

(2020: 8.7)

Contribution to group



Outlook

In **Zambia**, we continue to refine significant opportunities for growth in conical cartons in which to package sorghum beer and will continue to develop other small independent brewers as customers, a strategy that is benefiting the industry, its consumers and Nampak.

Demand for paper packaging in **Zimbabwe** will only increase meaningfully if the country adopts substantial economic reforms to boost foreign exchange availability that may result in regional growth opportunities.

In **Malawi**, conical cartons for sorghum beer will continue to regain pack share of the market, building on collaboration initiatives with our main customer to increase the volume of conical cartons. We continue to look for opportunities to increase volumes in Kenya for self-opening bags.

Throughout the continent, we see good opportunity for both fresh extended shelf-life and ultra-high-temperature (UHT) products packaged in Pure-Pak® cartons to be supplied by our newly registered Elopak Nampak Africa (ENA) joint venture.

ENA's mandate is to fully develop all opportunities for Pure-Pak® liquid cartons for the fresh and aseptic market in sub-Saharan Africa. Activities focused on customer acquisitions are being considered in this regard.



Adding and preserving value through good corporate governance

Nampak's board of directors directs the company to achieve a good performance through ethical leadership and effective control, based on accountability and responsibility which is underpinned by good governance.

Key board deliberations in 2021 and focus areas for the year ahead

Over and above attending to its regular responsibilities as set out in the board charter, in a challenging year overshadowed again by the negative impact of COVID-19, the board dealt with the following pertinent matters, which will remain key focus areas for the year ahead:

The group showed improvement in overall profitability. This was driven by our focused strategy to simplify the group, optimise operations, proactively manage debt levels and reduce US dollar debt.

During the year, two divisions were restructured, fixed costs were lowered by consolidating operations, market share was maintained and product offerings simplified.

The easing of COVID-19 restrictions towards the latter part of the year resulted in healthier demand in South Africa, strong performances in Nigeria and partial recovery in the Rest of Africa.

An agreement for the sale of the Tubes business was successfully concluded. However further planned disposals did not take place as anticipated. As part of the strategic objective to simplify the business portfolio we continue to actively engage with other potential buyers.

In terms of funding agreements negotiated in September 2020, the group's debt funders required interest-bearing debt to be reduced by R1 billion by 30 September 2021 through a strategic asset disposal process or a combination of asset disposals and a capital raise with covenants measured on a quarterly basis for the duration of the 2021 financial year. The group performed in line with internal budgets and met all adjusted covenant ratios during the year whilst being within original covenant ratios for the quarter ended 30 June 2021 and the year ended 30 September 2021.

Funding agreements were subsequently amended in September 2021 so as to take various and additional cash flows into account in debt reduction (including cash generated by operations and the repayments of historical debt by the Reserve Bank of Zimbabwe, but subject to the cancellation of available commitments), defer the milestone date for assessment of the group's ability to reduce debt by R1 billion by September 2022 to 30 June 2022 and extend the relaxation of the net debt : EBITDA covenant for another year to 3.5 times returning to a covenant requirement of 3.0 times for the quarter commencing on 1 October 2022.

Key focus areas



Our operational and financial performance, specifically considering the continuing impact of COVID-19 on our markets and supply chains



Balance sheet and liquidity management



Business and portfolio optimisation together with tight overhead and capital expenditure control



Ethical conduct, compliance and board effectiveness



People, safety, skills and transformation



Ensuring long-term sustainability

During the year Nampak also focused on its policies and programmes in terms of the Protection of Personal Information Act 4 of 2013 which came into operation on 1 July 2021, including the necessary registrations with the Information Regulator.

You will find more details regarding our focus areas and the material issues and risks informing and affecting these areas throughout the integrated report.

👁️ **The board charter which outlines board responsibilities, is reviewed annually by the board to ensure it remains relevant and aligned with the Companies Act and other relevant regulatory requirements, King IV™ and governance best practices. The charter is available on our website, www.nampak.com**

Nampak conducts its business ethically and in compliance with all applicable laws and regulations thereby ensuring an appropriate balance between strategy, risk, performance and long-term sustainability.

Ensuring compliance and high standards of corporate governance and ethics

Nampak, as the group's ultimate shareholder, is involved in the decision-making of its subsidiaries on material issues. A delegation of authority and reserved matters framework is consistently applied throughout the group to ensure that all entities adhere to essential group requirements and appropriate minimum corporate governance standards.

Our compliance programme is aimed at ensuring that Nampak conducts its business strictly within the confines of the laws and assists in the detection of contraventions of laws, regulations and company policy, so as to enable the company to address transgressions immediately.

Safety, health, environmental, privacy and competition laws, together with fraud and corruption management, are key compliance areas and receive the necessary attention on an ongoing basis. We provide training in these areas as required.

Our code of conduct and business ethics sets the minimum standards expected of all directors and employees. Allegations of violations are reportable through "Tip-Offs Anonymous", which is independently administered by Deloitte and Touche and is accessible 24 hours a day, seven days a week.

In the year under review, there were no material violations of any laws or regulations, nor were any material penalties or fines imposed on the company or its directors for contraventions of any laws or regulations.

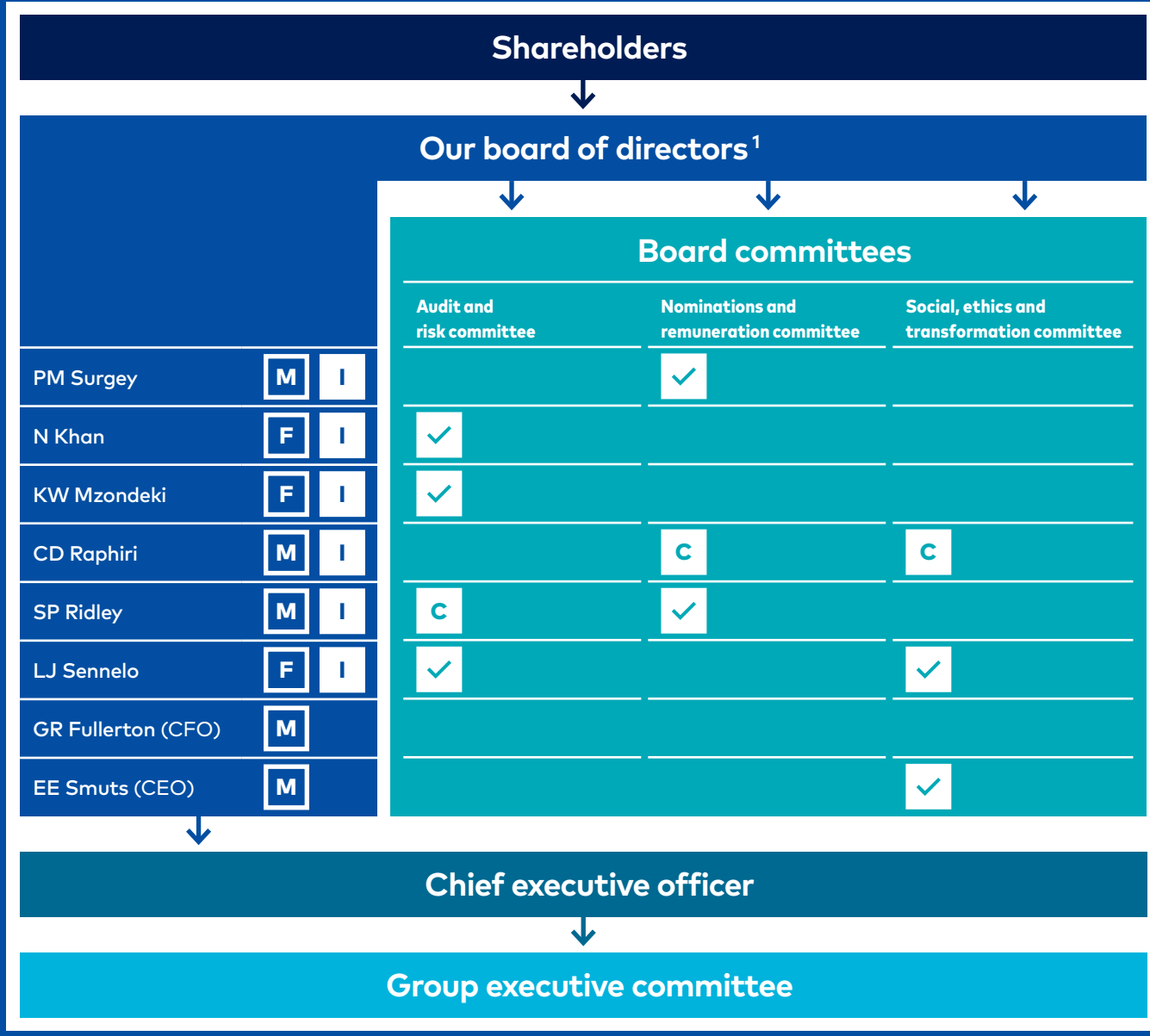
We are satisfied that the group is compliant with 3.84(k) of the JSE Listings Requirements.

Nampak has complied with the Listings Requirements of the JSE Limited and applied all the principles of the King IV™ Report on Corporate Governance for South Africa 2016 (King IV™).

👁️ **A statement on Nampak's application of the principles of King IV™ is available on www.nampak.com**

Adding and preserving value through good corporate governance continued

Our governance structures as at 30 September 2021



Key

M	Male director	F	Female director
I	Independent non-executive director		
C	Committee chair		

1 Nampak's Memorandum of Incorporation provides that the minimum number of directors shall be six and not less than such number as the board may determine from time to time. One-third of non-executive directors must retire at every annual general meeting and are eligible for re-election.

A total of six board meetings were held during the financial year. All directors attended all meetings. Meetings were held on 30 November 2020, 21 December 2020, 9 February 2021, 27 May 2021, 15 July 2021 and 10 September 2021 (strategic conference).

The CEO attends meetings of the audit and risk committee and the nominations and remuneration committee by invitation. He is requested to leave the meeting, where appropriate, before decisions are made which relate to him personally.

There were no changes to board or committee compositions during the year.

For the biographical details of directors, refer to pages 62 and 63 in the integrated report.

👁️ The roles and functions of the chairman and the CEO are described in the board charter available on our website at www.nampak.com.

2021 board attendance (%)



2021 age of directors



40 – 50 years	1/8
51 – 60 years	5/8
61 – 70 years	2/8

Our board comprises diverse skills and experience

Culture and collective perspective

Strong values, ethics and integrity

Foster unity and commitment

Open and frank communication with management

Meaningful discussions/critical questioning

Risk-based approach

No dominant personalities

Strategic leadership

8/8

Economic, financial and corporate structuring

7/8

People management, reward and remuneration

7/8

Legal, regulatory and JSE requirements

6/8

Socio-economic development and sustainability

4/8

Risk management

8/8

Governance in a complex corporate environment

7/8

Commodities, sales, manufacturing and production

6/8

International experience, including rest of Africa

5/8

Customer perspectives and marketing

3/8

Adding and preserving value through good corporate governance continued

Diversity at Board level contributes towards a sustainable and competitive advantage

Policy on the promotion of broader diversity

Diversity of race, gender, culture and age, as well as fields of knowledge, relevant skills and experience provide the foundation for a truly diverse board and contribute towards a sustainable and competitive advantage. It is board policy that broader diversity at board level will be promoted, all facets of diversity will be considered in determining the optimal composition of the board and, where possible, be balanced appropriately. All board appointments are made on merit, having due regard for the benefits of diversity which the board as a whole requires to be effective. See the infographic on the previous page.

Tenure, independence and succession

All non-executive directors are considered to be independent.

The board reconfirmed the independence of Mr Surgey, who has been in office for more than nine years. His experience, knowledge and independent judgment continue to benefit the company. No lead independent director has been appointed. The chairman of the nominations and remuneration committee, or any other independent non-executive director nominated by the board, will lead discussions in circumstances where the chairman of the board is conflicted, unavailable or unable to act.

The board, duly assisted by the nominations and remuneration committee considers the independence of directors and their other commitments when they are first appointed, annually, or when a director's circumstances change. This is done to determine whether a director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily. The board is of the view that all directors, save for the executive directors, are independent and that no non-executive director is over-committed.

Board committees

Board committees provide significant support to the board by providing oversight and direction in their areas of responsibility – they report to the board through their respective chairmen.

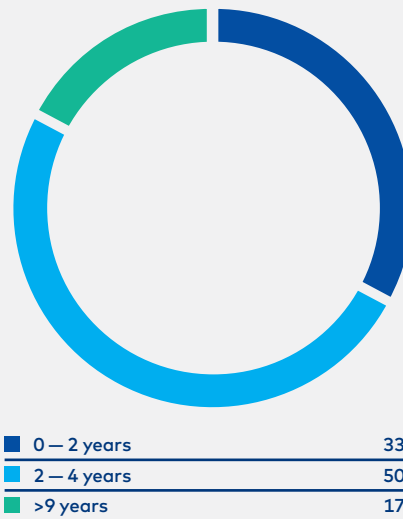
Gender diversity (%)



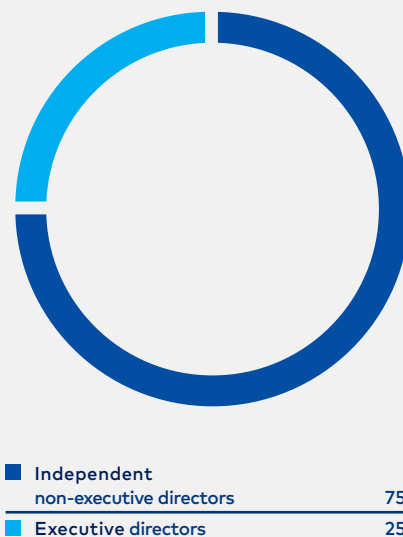
Race diversity (%)



Tenure (%)



Independence (%)



Audit and risk committee	Nominations and remuneration committee	Social, ethics and transformation committee
9 meetings (100% attendance)	5 meetings (100% attendance)	1 meeting (100% attendance)
<p>Mandate</p> <p>A statutory committee constituted in terms of the Companies Act and oversees:</p> <p>The quality and integrity of Nampak's integrated and financial reporting.</p> <p>The qualification, independence and effectiveness of the internal and external audit functions.</p> <p>The adequacy and effectiveness of internal controls, risk management, information technology and governance.</p>	<p>Mandate</p> <p>Ensures that the Group remunerates its directors and employees fairly, responsibly and transparently.</p> <p>Assists with the composition of the board and its committees, succession planning and the appointment of directors.</p> <p>Manages the performance of the board, the board committees and directors.</p>	<p>Mandate</p> <p>Performs the role of a social and ethics committee as required in terms of the Companies Act.</p> <p>Assists with ensuring that the appropriate strategies, policies and processes are in place in order to drive transformation and the continued development and sustainability of an ethical culture within the group.</p>
<p>Key matters dealt with and focus areas for 2022</p> <ul style="list-style-type: none"> › Ensuring effective and transparent financial reporting. › Financial management, key audit matters and significant areas of judgement – the committee will continue to set materiality levels and ensure that financial systems, processes and controls operate effectively. › Financial performance, specifically considering the ongoing impact of COVID-19 on the business. › Balance sheet and liquidity management. › External audit – oversee the process of mandatory audit firm rotation. › Combined assurance, internal control and risk management – oversee the further refinement of the coordination, integration and alignment of assurance activities. 	<p>Key matters dealt with and focus areas for 2022</p> <ul style="list-style-type: none"> › Ensuring fair, responsible and effective reward practices aligned with industry benchmarking and remuneration policy – continue to engage with our shareholders on our remuneration policy and implementation report and ensuring the appropriateness of our reward practices. › Reviewing short-term and long-term incentive plan targets and design principles to ensure effective applicability. › Composition, attraction, retention and succession practices at board and executive level remain key focus areas. 	<p>Key matters dealt with and focus areas for 2022</p> <ul style="list-style-type: none"> › Continued focus on transformation – with an emphasis on recruitment and skills development. Nampak's level 2 B-BBEE contributor status was maintained during the year. › Ensuring processes are in place to promote an ethical, fair and caring culture. › Ensuring sustainability, while being mindful of the group's impact on the environment. › Promoting the health and safety of employees across the various business operations.
Refer to the AFS for the audit and risk committee report	Refer to the remuneration report on pages 79 and 81 for details of directors' remuneration and other relevant remuneration information	Refer to page 82 for the social, ethics and transformation committee report

🔗 The board committee charters are available on our website www.nampak.com.

Adding and preserving value through good corporate governance continued

Mandates and focus areas of our board committees

Every year, the board reviews and approves the board committee charters, which outline the responsibilities of the committees. In executing their responsibilities, the committees place reliance on the work and reports of employees, advisors or other board committees.

The mandates and focus areas of the board committees are set out in the infographic on page 59.

The board is satisfied that it comprises an appropriate combination of executive and non-executive directors with a balance of skills, experience and independence to conduct the business of the company in a professional and effective manner and to bring independent, informed and effective judgment to bear on material decisions and that it properly fulfilled all its duties and obligations in the 2021 financial year.

The development of industry and group knowledge is a continuous process and directors are briefed on new developments and changes in Nampak's business environment on an ongoing basis. Training is provided to individual directors on request. Directors are entitled to obtain independent professional advice, at Nampak's expense, and enjoy unfettered access to group records and company employees, in order to discharge their duties.

The company has a formal induction programme, which includes the opportunity for new directors to visit key operations. During the year directors had the opportunity to visit DivFood in Vanderbijlpark, the Bevcan Springs plant and Rigids in Olifanstfontein.

Performance

The board is assessed formally every two years. Every other year opportunity is provided for discussion and reflection of the performance of the Board as a whole, including the performance of its committees as well as that of the chairman. The evaluation of the performance and effectiveness of the board, its committees, individual directors and the chairman was reflected upon during the financial year and it was concluded that it and its committees generally function effectively and professionally and that the chairman leads the board in an effective and appropriate manner. Formal assessments are scheduled to take place again in 2022.

The board will continue to focus on ensuring that relevant knowledge, expertise and experience is maintained.

The company secretary

The effective functioning of the board is facilitated and supported by the company secretariat. Nampak's company secretary is IH van Lochem, who was appointed with effect from 1 September 2017, in accordance with the Companies Act, No 71 of 2008. Ms van Lochem is a member of the group executive committee and reports to the CEO. She is not a director.

Having considered the competence, qualifications and experience of the company secretary, the board is satisfied that she is competent and has the appropriate qualifications and experience to serve as the company secretary.

The board considered the interactions between the company secretary and the board, and is satisfied that there is an arm's length relationship between the board and the company secretary.

👁 For more details on the responsibilities, powers, policies, and processes of the board, directors, the group executives, the company secretary and other officials, refer to the board charter as well as the memorandum of incorporation of the company on our website, www.nampak.com.

Our board of directors



N

Peter Surgey (66)
Chairman

Qualifications: BA LLB
Appointment date: 29 July 2009

Mr Surgey was managing director of Plascon and chief executive officer of Barloworld Coatings from 1992 to 2003. From 1995 to 2008 he was a director of Barloworld Ltd. He has previously been a director of Control Instruments (Pty) Ltd and NCS Resins (Pty) Ltd, where he also served on the remuneration and audit committees. He served as a trustee for 14 years on The President's Award – The Duke of Edinburgh's International Award. He is currently chairman of Eazi Access Rentals (Pty) Ltd, chairman of Autozone Investments (Pty) Ltd (Ethos Fund V1 Companies) and a director and shareholder of Earth Probiotic Industrial (Pty) Ltd.

Experience and expertise:

Strategic leadership; manufacturing and production; customer perspectives and marketing; risk management; economic, finance and corporate structuring; legal, regulatory and JSE requirements; people management, reward and remuneration; socio-economic development and sustainability; entrepreneurship; governance in a complex corporate environment and international experience, including rest of Africa.



S

Erik Smuts (51)
Chief Executive Officer

Qualifications: B Com, B Com (Hons), CTA, CA(SA), ACMA (CIMA), GEDP (GIBS), CPIM (APICS), AMP (Harvard)
Appointment date: 6 January 2020

Mr Smuts took over as Chief Executive Officer on 6 January 2020. He has over 24 years of experience in the manufacturing and packaging industry, having worked at Nampak for more than two decades. He was appointed Group Executive of Bevcan in 2014. He is also a director of Packaging SA NPC. Mr Smuts participated in the Advanced Management Programme at the Harvard Business School and the Global Executive Development Programme at the Gordon Institute of Business Science.

Experience and expertise:

Strategic leadership; commodities and sales; manufacturing and production; customer perspectives and marketing; risk management; economic, finance and corporate structuring; people management, reward and remuneration; international experience, including rest of Africa.



Glenn Fullerton (54)
Chief Financial Officer

Qualifications: B Compt, B Compt (Hons), CTA, CA(SA)
Appointment date: 1 September 2015

Mr Fullerton commenced his career at Deloitte where he completed his articles in 1992. He held numerous senior finance positions in various JSE listed groups, at Hunt Leuchars & Hepburn and Computicket, before joining the JSE Listed Malbak group in 1995, where he was a key member of the team responsible for the group's unbundling in 1997. Post the unbundling he held the position of Finance Director of two of the divisions in Malbak's remaining listed packaging group, Kohler Packaging Limited, until 2000. Mr Fullerton then joined MB Technologies Group as Chief Financial Officer which grew into Africa's largest IT distribution business and in 2009, became chief executive officer until October 2013, when he left on a sabbatical due to a cycling injury. He became Chief Financial Officer of Nampak in September 2015.

Experience and expertise:

Strategic leadership; risk management; economic, finance and corporate structuring; people management, reward and remuneration; socio-economic development and sustainability; governance in a complex corporate environment and international experience, including rest of Africa. Regulatory and JSE requirements.



A

Nooraya Khan (52)
Independent Non-executive Director

Qualifications: B Com, B Compt (Hons), CA(SA)
Appointment date: 1 August 2020

Ms Khan is an experienced non-executive director with a demonstrated history of working in the investment banking industry. Skilled in private equity, financial structuring, risk management, project finance and venture capital. She is a qualified chartered accountant and participated in the International Directors Programme at Insead in France. Ms Khan currently serves as a non-executive director of Liberty Holdings Limited and is also a non-executive director of Delta Property Fund Limited and MTN South Africa (Pty) Ltd.

Experience and expertise:

Strategic leadership; risk management; economic, finance and corporate structuring; people management, reward and remuneration and governance in a complex corporate environment.

Committee membership is as follows:

A	Audit and Risk Committee
N	Nominations and Remuneration Committee
S	Social, Ethics and Transformation Committee



A

Kholeka Mzondeki (54)
Independent Non-executive Director

Qualifications: FCCA (UK), BCom, Dip Investment Management
Appointment date: 1 September 2019

Ms Mzondeki currently leads a portfolio career, sitting on several JSE listed company boards as an independent non-executive director and consults on financial management. She is an internationally (United Kingdom) qualified Chartered Accountant and has extensive experience in senior finance executive roles of Financial Director and Chief Financial Officer. She has fulfilled FD and CFO roles at 3M and previously sat on the Audit Committee of the United Nations World Food Programme.

Experience and expertise:

Strategic leadership; commodities and sales; manufacturing and production; customer perspectives and marketing; risk management; economic, finance and corporate structuring; legal, regulatory and JSE requirements; people management, reward and remuneration; socio-economic development and sustainability; governance in a complex corporate environment and international experience, including rest of Africa.



N

S

Clifford Raphiri (58)
Independent Non-executive Director

Qualifications: PGDip Mechanical Engineering, BSc (Hons) Mechanical Engineering, MBA
Appointment date: 1 March 2019

Mr Raphiri is a senior executive with deep proven, operational and strategic experience gained as a director of a listed blue-chip company for many years. He was the Manufacturing and Technical Director of South African Breweries and served as chairman of Adcock Ingram Holdings. He also serves as a non-executive director of Murray & Roberts Holdings and Energy Partners Holdings.

Experience and expertise:

Strategic leadership; manufacturing and production; risk management; legal, regulatory and JSE requirements; people management, reward and remuneration; governance in a complex corporate environment and international experience, including rest of Africa.



A

N

Simon Ridley (65)
Independent Non-executive Director

Qualifications: B Com, Dip Acc (post graduate), CA(SA)
Appointment date: 1 March 2019

Mr Ridley was the Group Financial Director of Standard Bank Group until his retirement in 2016. He currently serves on a number of boards including as non-executive director and chairman of Standard Advisory London Limited, Standard Bank London Holdings Limited and non-executive director of Stanbic IBTC Bank PLC (Nigeria), Liberty Holdings Limited and Liberty Group Limited.

Experience and expertise:

Strategic leadership; risk management; economic, finance and corporate structuring; legal, regulatory and JSE requirements; people management, reward and remuneration; socio-economic development and sustainability; governance in a complex corporate environment and international experience, including rest of Africa.



A

S

Lesego Sennelo (44)
Independent Non-executive Director

Qualifications: B Compt, B Com (Hons) Accounting, Higher Dip (Auditing), CA(SA), IoD AltX Board Leadership
Appointment date: 22 November 2019

Ms Sennelo is the Founder and Managing Director of Gosele Advisory Services. She currently serves as a non-executive director on the boards of OneLogix Group Limited, Oceana Group Limited, Redefine Properties Limited and Assupol Holdings. She is also a board member and Treasurer of the International Women's Forum of South Africa (IWFSA). She is a qualified Chartered Accountant with vast experience spanning over 16 years in both the private and public sectors.

Experience and expertise:

Strategic leadership; risk management; economic, finance and corporate structuring; legal, regulatory and JSE requirements; socio-economic development and sustainability; entrepreneurship and governance in a complex corporate environment.

Our group executive committee

The board delegates responsibilities to the executive committee which is made up of the following executives:



Erik Smuts (51)
Chief Executive Officer

Qualifications: B Com, B Com (Hons), CTA, CA(SA), ACMA (CIMA), GEDP (GIBS), CPIM (APICS), AMP (Harvard)



Glenn Fullerton (54)
Chief Financial Officer

Qualifications: B Compt, B Compt (Hons), CTA, CA(SA)



Christiaan Burmeister (57)
Group Executive: DivFood and Research and Development

Qualifications: BAcc, BCom (Hons), CA(SA), AMP (Harvard)



Lynne Kidd (61)
Group Executive: Human Capital

Qualifications: BA (Hons) Industrial Psychology



Ilse van Lochem (55)
Group Executive: Legal and Secretarial
Qualifications: BA, LLB, MBA,
Postgraduate Diploma in Corporate Law



Simon McGill (45)
Group Executive: Corporate Finance
Qualifications: BCom (Hons), CA(SA)



Henk Nel (46)
Group Executive: Bevcan
Qualifications: BCom (Acc) (Hons), CA(SA), MDP, SEP



Quinton Swart (45)
Group Executive: Paper and Plastics
Qualifications: BCom, BCom (Hons) Statistics

Remuneration report

Nampak produces a remuneration report which is compliant with the requirements of King IV™. As such the following sections have been included in this report:

SECTION 1

A report from the chairman of the nominations and remuneration committee (the committee) that sets out the context for remuneration consideration and decisions as well as an outline of the material issues considered during the year.

SECTION 2

The remuneration policy and framework to be tabled at the AGM for a non-binding advisory vote by shareholders.

SECTION 3

The implementation of the remuneration policy to be tabled at the AGM for a separate non-binding advisory vote by shareholders.

Shareholder engagement

At the AGM in February 2021, we received the required number of votes in favour of the remuneration policy and the implementation report after a series of consultations with various shareholders to obtain feedback on the remuneration report and their view of the remuneration practices.

While the remuneration policy was supported by shareholders, the Minimum Shareholding Requirement (MSR) target levels were queried and suggestions made to modify certain aspects of the new Executive Incentive plan (EIP), which included the one-year performance period, the quantum of the EIP and some of the metrics. Concern was raised around the decline in productivity per employee over the past few years.

The MSR target policy was introduced for the first time this year. The executive directors and group executive directors have five years commencing 1 October 2020 to build their personal holdings in Nampak shares to achieve the required holding targets. The target levels were benchmarked against local companies and are considered fair and reasonable.

The committee determined that the EIP introduced in 2021, with a one-year performance period, to drive Nampak's turnaround remains appropriate for 2022 and will continue largely unchanged with some amendments to the quantum and balance scorecard metrics to address shareholder concerns and maintain focus on the key strategic drivers for 2022.

Shareholders favoured the inclusion of ESG measures in the balanced scorecard. Safety, as a metric in its own right, and transformation, as a discount factor applied to the on-target incentive, were included as measures in 2021 and will remain as key strategic imperatives for 2022. Environmental measures relating to energy and water usage will be introduced as operational targets for 2022.

Shareholders requested clearer disclosure of achievement against the targets and the correlation of performance to the incentive payments. Absolute targets have not been disclosed due to commercial sensitivity.

The company has partnered with Labour to establish and implement a productivity initiative with the objective of making a positive contribution to the sustainability of Nampak as a business and to secure continued employment and to increase active focus on measures linked to employee productivity.

SECTION 1: Report from the chairman

Nampak's remuneration policy is designed to facilitate delivery of the group's turnaround strategy in the medium term and to secure a sustainable basis for future consistent and equitable value for stakeholders over the longer term. The relevance of the combined short- and long-term variable pay structures are reviewed for appropriateness annually to ensure that there is sufficient alignment between potential earnings of executive directors and group executives and value creation for shareholders during the turnaround strategy phase. This report provides details of our remuneration policy and framework as it relates to our employees, group executives, executive directors and non-executive directors. It also includes our implementation report for executive directors, group executives and non-executive directors.

Overview of the year

In general, trading conditions improved during the year as the COVID-19 restrictions were eased in South Africa and across the rest of Africa but still remain below anticipated levels.

Ongoing negotiations with our lenders resulted in the deadline to reduce debt by at least R1 billion being deferred and agreement by the banks which allows for the repayment to come from cash generated through normal business activities.

We are pleased with the group's significant progress in reducing operating costs, the continued consolidation of operations and simplification of product offerings, which have already started to deliver sustainable value.

We are encouraged that most of the targets that were set to underpin the turnaround strategies for the group were achieved during the year, despite trading not rebounding to pre-COVID-19 levels. Details of the achievements against targets are set out on page 77.

It is also pleasing to note that the market capitalisation is almost four times what it was at the commencement of the financial year.

Agreement was reached through the Nampak Enterprise Bargaining Forum (NEBF) on the wage increase for the year 1 July 2021 to 31 June 2022, avoiding strike action.

The 2021 year was a period of stabilisation within the group executive structure. It saw the inclusion of corporate finance representation in the group executive and the resignation of the Group Executive: Rigids, which brought about the consolidation of the paper and plastics businesses under one lead.

Activities undertaken in 2021

The committee attended to all activities set out in its charter and the annual committee work plan during the year.

🔗 The committee charter is available on the website at www.nampak.com/Content/Documents/About/remuneration-committee-charter.pdf.

Achievement of objectives

In light of the impact of COVID-19 on business performance during 2020, no annual increases were granted to the executive directors, group executives and non-bargaining unit employees during the 2021 financial year.

After engagement at the NEBF structures regarding the impacts of COVID-19 on the business performance, labour agreed to a wage stand still for the period 1 July 2020 to 30 June 2021. Settlement was reached for the July 2021 annual review at 5% of market wage rates for similar job levels in the same industry, which resulted in a fixed increase amount per job level and an overall increase to the wage bill of below inflation.

The executive directors and group executives largely achieved the performance criteria that were set at commencement of the financial year in respect of the EIP and details of these can be seen on page 77.

Due to the share trading restrictions imposed as a result of the extended prohibited period during the 2019 financial year, the awards and allocations under the Performance Share Plan (PSP) and Share Appreciation Plan (SAP) were delayed to September 2019. The performance period for the PSP awards remained 1 October 2018 to 30 September 2021, with 1st release date in December 2022. A portion of the award will be available for release in December 2022 as a result of the achievement against the RONA target. The HEPS and TSR conditions were not achieved. Vesting of the SAP awards will be determined at the end of the three-year performance period on 30 September 2022.

The actual earnings reported under section three of this document on pages 76 to 80 reflect the levels of achievement against the performance targets for the executive directors and group executives.

Remuneration report continued

Decisions taken during 2021

The committee:

- › implemented the EIP with effect 1 October 2020, following the support received on the policy at the AGM;
- › approved the rules of the management STI 2021 plan for the performance period 1 October 2020 to 30 September 2021;
- › implemented the MSR policy and the Malus and Clawback policy with effect 1 October 2020;
- › approved the inclusion of a Group Executive: Corporate Finance position to the group executive;
- › approved the settlement of the LTI awards under the Deferred Bonus Plan for nominated participants;
- › approved the guaranteed packages for executive directors and group executives;
- › approved the annual cash incentive and settlement of the deferred incentive under the EIP for the 2021 financial year for executive directors and group executives after considering achievement against the balanced scorecard measures and plan rules;
- › reviewed the fee recommendations for non-executive directors and committee fees, excluding the fees for the nominations and remuneration committee before submission to the board for consideration.

Changes for 2022

The incentive structures will be reviewed and the appropriateness of the EIP evaluated for continuance into 2023.

The productivity initiative committed to by the company and Labour will be established and implemented.

In respect of non-executive director fees for 2022, the board recommended that the current fee structure of a base fee and fees for meeting attendance remain in place for 2022 and that the fees for board participation be increased by 4.5%. Fees in respect of sub-committee participation will remain the same as in 2021.

In conclusion, it is pleasing to be able to report a positive outcome for the 2021 financial year.



CD Raphiri
Chairman of the nominations
and remuneration committee

Bryanston
3 December 2021

SECTION 2: Remuneration policy

The remuneration policy is approved by the Board and forms part of the overall remuneration philosophy. In line with King IV™, we set out below the detailed forward-looking remuneration policy applicable to the executive management and on a high-level, for other employees.

Following the variable pay changes introduced during 2020, the remuneration policy remains largely unchanged from the previous period.

Remuneration governance

In line with best market practice, our committee is appointed by the Board and has delegated authority, in accordance with the committee charter, to establish and administer a remuneration strategy and to review and make decisions regarding our remuneration policies and the implementation thereof to ensure alignment with the principles of fair, transparent and responsible remuneration and legislative and regulatory requirements. The remuneration strategy includes remuneration at all levels, including executive management.

The committee reviews the remuneration strategies in light of the overall remuneration philosophy and oversees organisation-wide areas of remuneration including areas where management would ordinarily have discretion. The committee provides feedback to the board annually on how the remuneration policy objectives are being achieved.

Details of the committee composition, meetings, attendance, mandate and focus has been included in the integrated report on page 59.

In addition to committee members, the CEO and Group executive: Human Capital were invited to attend meetings as and when required by the committee. Invitees were not present when their own remuneration was discussed and did not participate in any voting.

The chairperson of the committee attends the AGM to respond to questions from shareholders within the committee's areas of responsibility.

The committee is satisfied that the remuneration policy is fair, transparent and responsible in that it is reviewed and approved annually. The committee is satisfied that it has executed its duties over the reporting period, according to its terms of reference, relevant legislation, regulations and in accordance with governance standards.

Fair and responsible remuneration

The committee's stance is that "fair" remuneration is impartial and free from discrimination. It is also free from self-interest, prejudice, or favouritism. It is rational, and not based on an irrational or emotional basis. "Fair" does not mean "the same" and remuneration levels will differ according to a number of factors, such as productivity, performance, skill, experience, risk and complexity, degree of challenge, level of responsibility of decision-making and consequence and impact on the organisation. Equal contributions to performance should however be rewarded equally. The company's policy on fair and responsible remuneration can be summarised as follows:

Responsible pay	Fair pay
All variable pay is subject to the achievement of stretching performance conditions, carefully calibrated and selected by the committee ensuring a close alignment with shareholder value creation	Employees are remunerated in accordance with the determined pay scales for the relevant job level aligned to the market
The link between pay and performance is publicly disclosed by the company in its remuneration report	Our organisation commits to eliminating any existing unfair discrimination/unjustified differentiation within our remuneration dispensation and preventing future practices of discrimination/differentiation
The committee and, ultimately, the board reviews and approves the remuneration of executive directors, group executives and senior management ensuring independence and transparency	Horizontal fairness is applied and employees performing the same or similar job requirements at the same or similar level of performance in the organisation receive the same or similar remuneration
Although remuneration is benchmarked, affordability is a key consideration in any pay adjustments. Variable pay is subject to reduction (malus) and recoupment (clawback)	Vertical fairness is applied by assessing the pay ratio between the CEO and the pay levels of employees below executive level
Remuneration includes provisions for retirement funding, insured benefits and optional medical cover	Pay is well administered with employees paid accurately on time and in a way that is convenient

Remuneration framework

The remuneration components offered at Nampak include guaranteed pay and variable pay. Variable pay for managerial levels includes a short-term incentive while executive directors and group executives participate in the Executive Incentive Plan (EIP) comprising of an annual cash incentive and a deferred incentive delivered as forfeitable shares.

Overview

	Guaranteed pay		Variable pay		
	Basic salary	Benefits	STI	EIP	
				Annual incentive	Deferred incentive
Description	Cash pay and benefits		An annual short-term incentive plan	The total variable pay offering uses a combined performance scorecard and is partly delivered in cash (Annual Incentive) and partly deferred into shares (Deferred Incentive) vesting over a future period, subject to a future vesting modifier	
Eligibility	All employees	All employees	Managerial level employees	CEO, CFO and other group executives	
Period of delivery	Monthly payments		Annual payment	Annual payment	Vesting over future vesting periods, coupled with holding periods in compliance with the minimum shareholding requirement

Remuneration report continued

In order to grow the performance culture, most divisions now include active engagements on productivity and saving improvements at the shop floor with a view to extending productivity related pay at shop floor levels.

The components

Basic salary and benefits

	Basic salary	Benefits
Remuneration principles	Designed to attract and retain executives and employees with appropriate competence and experience levels and diversity of skills and views to deliver sustainable profitability for the benefit of all stakeholders.	There is a trade-off between receiving compulsory benefits and voluntary benefits from an employee value proposition. The company understands the importance of saving for retirement from an early age and therefore continues to provide the benefit.
Description	<p>Managerial employees receive guaranteed packages, while other employees receive basic salaries, shift allowances, overtime and benefits on a build-up basis.</p> <p>Market-related guaranteed packages or cash salaries tailored to the role of the employee.</p> <p>Influenced by market conditions, company performance, internal equity and individual performance.</p>	<p>Employees in all jurisdictions have access to retirement funding and insured benefit arrangements in line with local regulations. Expatriate employees in certain countries receive remuneration for retirement funding and insured benefits where local options are not appropriate.</p> <p>Employees have voluntary access to medical aid or similar arrangements.</p> <p>Employees have access to EAP counselling.</p>
Eligibility	All employees	All employees
External surveys	The Deloitte SA Executive Guide. The Deloitte National Remuneration Guide. REMchannel®	Various professional advisers and administrators recognised in their respective jurisdictions.
Competitiveness of offer	<p>Benchmarked using survey data from external advisers, annually and for new appointments.</p> <p>Target level for guaranteed packages for executive directors and group executives is clustered around the median.</p> <p>Target level for guaranteed packages and basic salaries of the levels below executive directors and group executives is clustered around the median for competent levels of performance. Entry to top performance ranges between 80% to 120% of the median.</p> <p>Top performers, those employees key to future succession and for positions where we have scarce skill risks would be positioned higher in the range.</p> <p>Levels of pay and benefits for shop floor employees are higher than the agreed sector wage levels and engagement to review this position has commenced with Labour. New appointments are made at rates which are aligned to the industry sector levels.</p>	<p>Compulsory levels of retirement savings and life and disability cover are set using published survey data.</p> <p>Optional medical aid membership.</p> <p>Car allowance or company car linked to requirements for business travel</p> <p>Flexibility within guaranteed package governed by income tax regulation.</p>
Performance metrics	Individual performance, contribution and future growth potential are considered.	Not applicable
Performance period	Annual review	Not applicable
Governance requirement	Set out in contracts of employment.	Set out in group policies

Variable pay

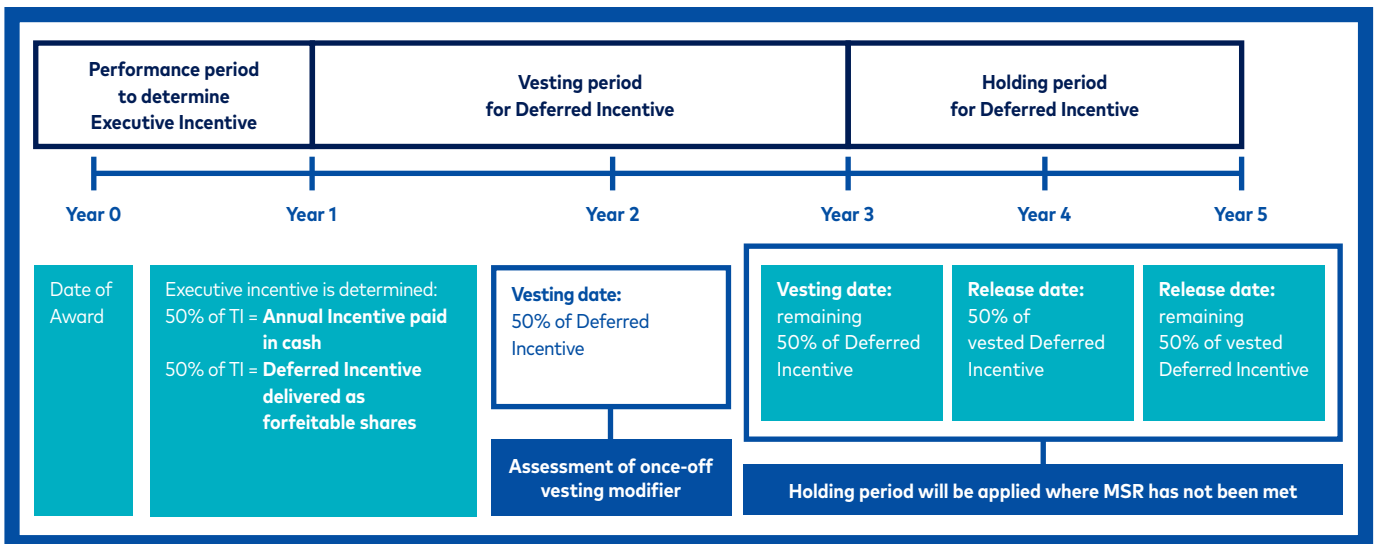
Short-term incentive plan

Details of the short-term incentive plan (STI) are set out below:

Participants	Managerial staff, excluding executives who participate in the EIP
Review period	The STI component of the remuneration structure is reviewed annually to ensure appropriateness.
Calculation of the STI	The STI is calculated in accordance with the following formula: $STI = \text{Total Guaranteed Pay} \times \text{on-target percentage} \times \text{percentage achievement against targets}$. Achievement against targets is weighted 40% to individual performance and 60% against group/divisional financial targets.
On-target percentage	The quantum of the incentive is set with reference to guaranteed pay. STIs for on-target performance are capped at levels ranging between 7.5% and 65% of guaranteed package per annum. There is potential for senior management to earn an additional capped amount where stretch financial targets are achieved.
Scorecard	The STI uses a combination of individual performance and divisional financial performance targets. Emphasis is placed on delivering against strategic imperatives covering all aspects that underpin sustainable profitability and ethical governance. The STI drives transformation through the application of a discount factor for the non-achievement of employment equity targets.
Performance period	Achievement against targets is assessed over a one-year performance period, aligned to the financial year. Specific milestone-based goals could be measured at milestone dates.
Delivery of the STI	The STI is paid through payroll in December, after authorisation by the committee.
Termination of employment	Participants are required to be in the employ of the company at the end of the performance period for the STI to be payable. In the case of retirement, death or permanent disability during the performance period a pro rata payment will be considered, subject to approval by the committee. Payment will be December.
Malus and clawback	The STI will be subject to malus and clawback (further details are included on page 74).

Executive incentive plan

The Executive Incentive Plan (EIP) represents the total variable pay opportunity for the CEO, CFO and other group executives and is aligned with the turnaround strategy. The operation of the EIP is illustrated below:



Remuneration report continued

Details regarding the EIP are set out below:

Participants	Permanent employees are eligible to participate however the EIP is primarily used for the CEO, CFO and other executives that are critical in the execution of our turnaround strategy.
Calculation of Executive Incentive (cash and deferred portions)	The EIP represents all variable pay elements and is calculated in accordance with the following formula: Executive Incentive = Total Guaranteed Pay x On-target Percentage x Balanced Scorecard Modifier.
Combined on-target percentage	Given that the EIP comprises the combined short-and long-term variable pay offering for the participants, after benchmarking performed by PwC, the following allocation levels will be applied in 2022 to each participant's total guaranteed pay (TGP) to determine the executive incentive: CEO: 190% (2021: 215%) CFO: 170% (2021: 191%) Group executives: 155% (2021: 174%)
Balanced Scorecard Modifier	The balanced scorecard for the 2022 financial year which will form the basis of determining the Balanced Scorecard Modifier, has been set out below, aligning the performance measures to the strategy. The Balanced Scorecard Modifier will be determined based on the outcomes of the Balanced Scorecard. Threshold and on-target levels are set for all performance measures. Stretch performance of up to 150% of the on-target percentage may be attained through the achievement of stretch targets.
Performance period	Achievement against the Balanced Scorecard will be assessed over a one-year performance period. Specific milestone-based goals could be measured at milestone dates. The deferred portion is subject to share price fluctuations over the deferral period.
Delivery of the executive incentive	<ul style="list-style-type: none"> › 50% of the Executive Incentive will be paid in cash annually after the expiry of the performance period, i.e. year one (this is referred to as the annual incentive) › The remaining 50% will automatically be deferred and delivered in the form of Nampak shares, vesting over future period (this is referred to as the deferred incentive). The deferred incentive will be structured as forfeitable shares, meaning participants will be the owners of the shares, but the shares will be subject to forfeiture (until vesting) and disposal restrictions (until the expiry of the holding period, where applied) <p>The payment of the annual incentive and settlement of the deferred incentive will be subject to the satisfaction of a free cash flow condition. In the event that the free cash flow condition is not met at the time of intended payment or settlement, payment and settlement will be deferred until the condition is met.</p>
Vesting period for the deferred incentive	Vesting will occur in equal tranches in year two and three respectively.
Holding period	Each tranche of the deferred incentive that vests will be subjected to a post vesting holding period, if the executive has not achieved the applicable minimum shareholding requirement at the date of vesting. The duration of the holding period will be the shorter of meeting the minimum shareholding requirements and a period of two years.
Settlement of deferred incentive	The delivery of shares will be through a market purchase of shares and there will be no dilutionary impact on shareholders. The settlement will be subject to the satisfaction of a free cash flow condition.
Vesting modifier	A once-off downwards vesting modifier may be applied, at the discretion of the committee, at the first vesting date (year 2) where an erosion of value of the earnings of the core business has occurred which can be attributed to the performance of the group executives.



Termination of employment	<p>The provisions relating to the termination of employment create a distinction between fault terminations and no-fault terminations.</p> <p>Fault</p> <p>Fault terminations will forfeit the annual incentive if they terminate their service before the end of the performance period i.e. year one.</p> <p>Where fault termination occurs after the performance period, a portion of the deferred incentive will be forfeited, depending on whether such termination takes place during the first vesting period i.e. until the end of year two (100% of deferred incentive forfeited) or second vesting period i.e. until the end of year three (50% of deferred incentive forfeited).</p> <p>There will be no forfeitures for fault terminations which occur after the end of the second vesting period but during a holding period, however they will remain subject to the holding period until expiry thereof.</p> <p>No-fault</p> <p>No fault terminations will forfeit the annual and deferred incentive if they terminate their services within the first six months of the performance period.</p> <p>No-fault terminations during the second six months of the performance period will receive the annual incentive but the deferred incentive will be forfeited in full.</p> <p>Where no-fault termination occurs after the performance period i.e. after the end of year one, the annual incentive will be paid in full, and a portion of the deferred incentive will vest, depending on whether such termination takes place during the first vesting period (50% of deferred incentive will vest) or second vesting period (100% of deferred incentive will vest).</p> <p>Where no-fault terminations occur after the end of the second vesting period but during the holding period, the vested shares will be released on the date of termination.</p>
Change of control	<p>In the event of a Change of Control, where the EIP is terminated, unless the committee determines otherwise, the provisions listed under no-fault termination will apply.</p> <p>Where the change of control is pursuant to a transaction, and the EIP continues, with the participants' rights being accommodated on a fair and reasonable basis, the provisions listed under no-fault termination will not apply unless the participant's employment is terminated for whatever reason, other than a fault termination, within 12 months following the change of control date, in which case the EIP will be settled as per the no-fault termination provisions.</p>
Malus and clawback	The EIP will be subject to malus and clawback (further details are included on page 74).

Balanced scorecard

The balanced scorecard for 2022 is set out in the table below. Absolute targets have not been disclosed due to commercial sensitivity.

Measures	Alignment to strategy			
	Reduce risk	Grow profits		
	Strengthen capital structure	Simplification	Optimisation	Innovation and growth
Profitability measures				
EBITDA for banking covenant purposes	✓	✓	✓	✓
HEPS	✓	✓	✓	✓
Funding measures				
Covenant ratio compliance	✓			
Debt reduction – aligned to lender agreements	✓	✓	✓	
Operational/functional measures				
Capital structure optimisation	✓	✓		
Divisional/functional initiatives		✓	✓	✓
Improve operational efficiency and reduce spoilage		✓	✓	✓
ESG measures				
Safety metrics		✓	✓	
Environmental metrics		✓	✓	

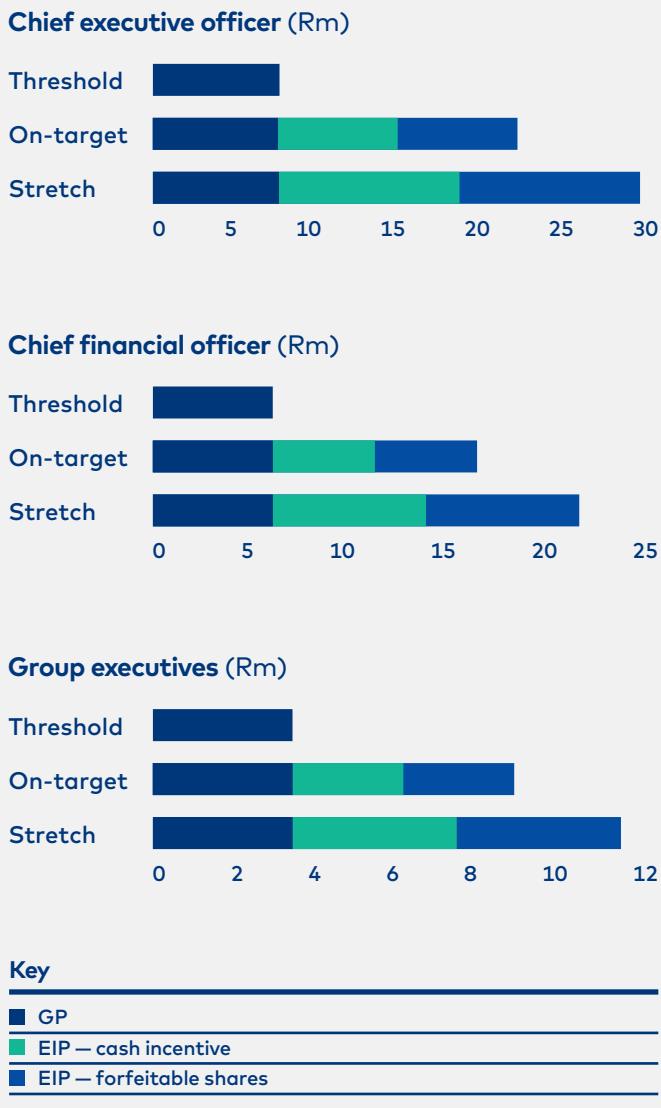
Strategic imperative linked to employment equity targets.

The total incentive earned up to on-target achievement may be subject to a discount of up to 7.5%.

Remuneration report continued

Pay for performance and remuneration mix

The mix of guaranteed pay and total variable pay, split into the annual cash incentive and the deferred incentive delivered as forfeitable shares under the new EIP, is depicted under various performance scenarios below.



Contractual terms and payments on termination of employment

The CEO, CFO and group executives have indefinite service contracts with notice periods of three months.

The service contracts do not contain any other provisions relating to payments due on termination of employment, for whatsoever reason, or following a change of control of the company. In the event of a change of control, share allocations will be dealt with in terms of the rules of the relevant share plans.

The executive directors and group executives have no entitlement to a restraint of trade payment and are not entitled to any sign-on payments, guaranteed bonuses or any other payments or allowances such as buy-outs, *ex gratia* payments.

In the event of redundancy, executive directors and group executives are entitled to receive payment in terms of the Nampak redundancy policy, in addition to notice pay. Redundancy pay is calculated based on length of service and age and varies between two weeks and four weeks for every completed year of service. The payment is calculated using 75% of guaranteed package. The maximum entitlement is capped at 60 weeks.

Certain long-service executives are entitled to a retirement gratuity from a legacy policy which was capped at R500 000. This policy was closed to appointments after December 2013.

Minimum shareholding requirement policy

The EIP is designed to facilitate executive ownership of Nampak shares. To formalise the holding of Nampak shares by executives, a formal minimum shareholding requirement policy has been developed, in terms of which executives will be required to build personal holdings in Nampak shares to a minimum threshold level. Executives have five years from date of introduction of the policy (1 October 2020) or appointment into an affected role to achieve the required holdings. Unencumbered shares acquired by own funds as well as vested shares acquired under the EIP or any previous Nampak long-term incentive plan will count towards the executive's shareholding based on the cost at acquisition.

The current minimum shareholding requirements are:

- › CEO: 200% of TGP
- › Other executive directors: 150% of TGP
- › Group executives: 100% of TGP

Malus and clawback policy

In line with market practice, the incentive remuneration will be subject to malus and clawback, in the event of a trigger event occurring. The provisions are formalised in a Malus and Clawback Policy. The trigger events include but are not limited to:

- › a material misstatement of the financial results resulting in an adjustment in the audited consolidated accounts of the company or the audited accounts of any member of the group;

- › the fact that any information used to determine the quantum of an incentive was based on error, or inaccurate or misleading information;
- › action or conduct of a participant which, in the reasonable opinion of the board, amounts to serious misconduct or gross negligence;
- › events or behaviour of a participant, or the existence of events attributable to a participant, which led to the censure of the company or a member of the group, by a regulatory authority or have had a significant detrimental impact on the reputation of the company.

Malus (pre-payment/pre-vesting)

Unpaid or unvested incentive remuneration will be subject to malus provisions. This means the incentive remuneration may be reduced or forfeited if a trigger event arises.

Clawback (post-payment/post-vesting)

Incentive remuneration will also be subjected to clawback if a trigger event arises as described above. Where a trigger event has occurred, the repayment of the pre-tax cash value of the paid or settled incentive remuneration will become due. To the extent a holding period is applicable to the deferred shares under the EIP, the shares would be subject to forfeiture. Incentive remuneration is subject to Clawback for a three-year period post payment or vesting date, as applicable.

Non-executive directors remuneration

The non-executive directors do not have contracts of employment with the company and are appointed by rotation in terms of our memorandum of incorporation.

The committee recommends the non-executive fee structures annually after obtaining benchmarks from the Deloitte non-executive director report. Comparisons are made against the median for companies comparable in size to Nampak, and the benchmark used to recommend non-executive director remuneration to shareholders is the JSE top 100 listed companies as it remains relevant to attract and retain the correct calibre of director during the turnaround phase. Total policy fees are calculated using the number of scheduled meetings for the year. Actual fees paid may differ due to unplanned additional meetings, owing to the current variability and business requirements.

Consideration is given to any changes in the level of complexity of the roles as well as meeting requirements in the business when assessing the fee recommendations. These recommendations are then considered by the committee, excluding recommendations of their own fees, and the board, before being submitted to shareholders for approval by way of a special resolution in terms of the Companies Act requirements.

The company's non-executive directors are paid based on their role and policy is applied using the following principles:

- › Non-executive directors' fees are paid for board membership and committee participation.
- › The fees are paid every two months, in arrears.
- › Non-executive directors do not receive incentive bonus payments, nor do they participate in any of the executive share plans.
- › Fees disclosed are exclusive of value-added tax (VAT).
- › Non-executive directors are reimbursed for travel expenses, where necessary.

Fees in respect of the 2021 year consisted of a base fee and a fee based on meeting attendance. Differentiated fees were set for sub-committee chairpersons and sub-committee members.

After considering recommendations from management and the committee, the board has proposed that the current fee structure of a base fee and fees for meeting attendance remain in place for 2022 and that the fees for board participation be increased by 4.5%. Fees in respect of sub-committee participation will remain the same as in 2021. The chairman fee remains a single fee.

👁️ **The proposed fees for 2022 are set out on page 88 of the integrated report.**

Non-binding advisory shareholder votes

Shareholders are encouraged to provide feedback and contributions regarding their position on the various voting requirements. We therefore invite shareholders wishing to engage with the chairman of the nominations and remuneration committee to do so via email at corporategovernance@nampak.com

Nampak will table this year's remuneration policy together with the implementation report for two separate non-binding advisory votes by the shareholders at the 2022 AGM, in line with best practice, King IV™ and the JSE Listings Requirements. Should a dissenting vote of 25% or more be received for either the remuneration policy or the implementation report, or both, we will include an outline of the process and timing of our proposed engagement with shareholders to resolve unsatisfactory results in the SENS announcement of the voting results of the AGM. The committee will respond and provide feedback on shareholders' queries and/or concerns. Following this engagement, the committee may amend aspects of the remuneration policy.

Remuneration report continued

SECTION 3: Implementation report

The implementation report details the outcomes of executing the remuneration policy for executive directors and group executives in the 2021 financial year. The remuneration committee has applied the King IV™ recommendation that companies must disclose a single figure of earnings received and receivable for the reporting period.

AGM voting results

The results of voting at the 2021 and 2020 annual general meetings are indicated in the table below:

Percentage vote in favour	Required percentage	Feb 2021	Feb 2020
Remuneration policy and framework	75% non-binding	89.56	98.64
Implementation report	75% non-binding	89.52	96.19
Non-executive directors' fees and committee membership fees	75% binding	97.14	98.59

Deviations from policy

The remuneration committee monitored the implementation of the remuneration policy and confirmed that there were no deviations from policy to report.

Contractual terms and payments on termination of employment

There were no deviations from policy implementation to the contractual terms of executives whose employment terminated during the year.

Fair and responsible remuneration

The average annual increase percentage applied to guaranteed packages for the executive directors and senior executives relative to the change in remuneration for other staff groupings in South Africa, where most employees are located, are set out below:

Grouping	Average increase (%)	
	2021	2020
Executive directors (1 October 2020)	0	4.1
Senior executives (1 October 2020)	0	4.1
Managers and supervisors (1 January 2021)	0	3.8
Bargaining unit employees (1 July 2021)	5¹	0 ²

1 The increase percentage is applied to market wage rates for similar job levels in the same industry, which resulted in a fixed increase amount per job level.

2 After engagement at the NEBF structures regarding the impacts of COVID-19 on the business performance, labour agreed to a wage stand still for the period 1 July 2020 to 30 June 2021

The averages tabled above do not include guaranteed package movements for promotions or market alignment adjustments.

In line with the company's approach to fair and responsible remuneration, it aimed to realise:

- › total levels of executive remuneration that are not excessive in comparison to market benchmarks for the role and complexity;
- › other staff are paid competitively against benchmarks and are managed where practical within the overall budget mandate; and
- › performance, contribution and compa-ratio to market benchmarks are considered when determining annual increases for non-bargaining unit employees.

In countries outside of South Africa, general staff also received increases in a range around local country inflation. Increase mandates were set in consultation with the CEO after considering prevailing economic conditions, market increase trends and inflation rates.

In the fair pay analysis conducted by PwC during the year, the company compared favourably on all measures against the South Africa all industries comparator group.

EIP performance assessment

The committee's assessment of performance against targets set in the balanced scorecard for the 2021 EIP is included below:

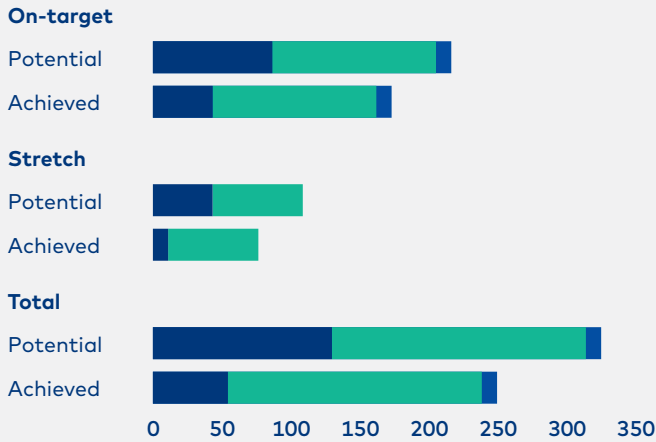
Measures	Alignment to strategy				Achievement against performance targets
	Reduce risk	Grow profits			
	Strengthen capital structure	Simplification	Optimisation	Innovation and growth	
Covenant compliance measures					
Meet revised covenant ratios – extends into stretch performance	✓				Achieved
Raise R1 billion cash through sale of assets	✓	✓	✓		Not achieved
Meet lender governance conditions and milestones	✓				Achieved
Financial performance improvement actions					
Group EBITDA – extends into stretch performance	✓	✓	✓	✓	Exceeded
Divisional EBITDA	✓	✓	✓	✓	Achievement ranges between 0% and 100%
Restructure and simplify cost base		✓	✓		Achievement ranges between 53% and 100%
Reduce cost of employment		✓	✓		Achieved
Develop new business				✓	Achieved
Operational performance targets					
Improve operational efficiency and reduce spoilage			✓		Achievement ranges between 32% and 48%
Group: Safety LTIFR tolerance level			✓		Achieved
Divisional: Safety LTIFR tolerance level			✓		Achievement ranges between 0% and 100%
Strategic imperative linked to employment equity targets.					
Any incentive earned up to on-target achievement may be subject to a discount of up to 7.5%.					Targets achieved. No discount applied

The total executive incentive as determined under the EIP for the performance period ending 30 September 2021 was calculated based on the outcomes of the balanced scorecard per participant.

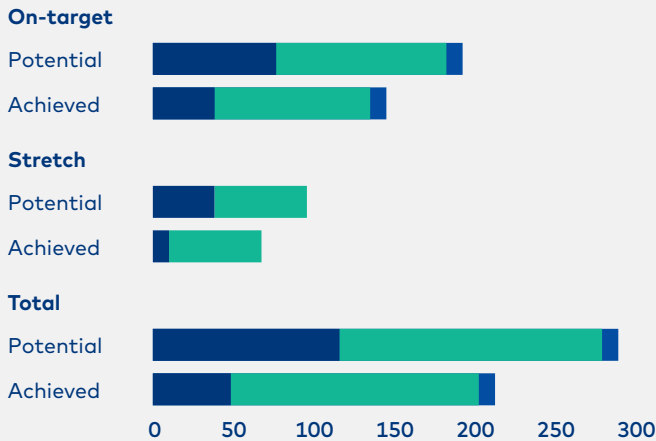
The on-target, stretch and total incentive achieved against the potential is depicted below as a percentage of total guaranteed package. 50% is delivered as an annual cash incentive and 50% as forfeitable shares.

Remuneration report continued

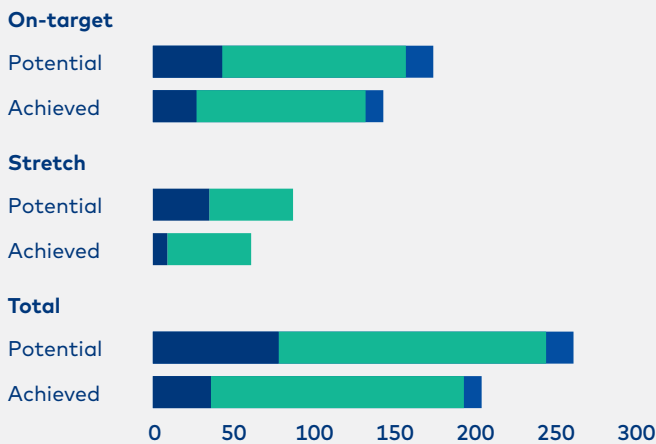
Chief executive officer (%TGP)



Chief financial officer (%TGP)



Group executives (%TGP)



Key

- Covenant compliance
- Financial performance
- Operational performance

Deferred bonus plan

Shares purchased under the Deferred Bonus Plan (DBP) during the financial year, in December 2020, based on the STI payments for the 2020 performance period are reflected in the table that follows.

Participants will receive conditional matching awards in December 2023 provided the participant remains in the employ of the company for the period. Awards will be based on the number of bonus shares held at vesting date. Awards are valued at face value at purchase date. These awards are in terms of the legacy variable pay structures.

Rand	Number of awards	Value	% of guaranteed package
Executive directors			
EE Smuts	222 927	576 745	8
Group executives			
H Nel	19 327	50 000	1

There were no allocations under the PSP during the financial year as the full variable pay offering is awarded under the EIP.

Historical LTI performance assessment

The three-year performance period for the September 2019 PSP awards ended on 30 September 2021, with the first release in December 2022 due to the delayed award date. The performance conditions were:

- › 40% based on improvement in headline earnings per share (HEPS) for continuing operations, vesting on a straight-line basis between threshold of cumulative CPI + 3% and target of cumulative CPI + 15%.
- › 30% based on improvement in TSR on an absolute basis, vesting on a straight-line basis between threshold of cumulative CPI + 3% and target of cumulative CPI + 15%.
- › 30% based on return on net assets (RONA) targets with vesting of 60% for a RONA of 11.5%, 70% for 12%, 80% for 12.5%, 90% for 13% and 100% for 13.5%.

The HEPS and TSR conditions were tested and were not achieved. The RONA of 12.8% for the current financial year resulted in an achievement of 80% on this measure. Overall 24% of the award will become available for release in December 2022.

The performance conditions for the September 2019 SAP awards will be assessed at the end of the performance period on 30 September 2022.

The single total figure of remuneration

Remuneration 2021

The following table sets out the total remuneration received and receivable by executive directors and group executives:

Rand	Basic salary	Company contribution to retirement	Guaranteed package ¹	Value of other benefits ²	Termination	Executive incentive plan ³		Historic LTI ⁴	Total single figure remuneration
						Annual incentive (cash)	Deferred incentive (equity)		
Executive directors									
EE Smuts	7 293 765	56 235	7 350 000	12 292	—	9 086 438	9 086 438	688 008	26 223 176
GR Fullerton	5 641 964	44 768	5 686 732	9 785	—	6 146 791	6 146 791	270 375	18 260 474
Total	12 935 729	101 003	13 036 732	22 077	—	15 233 229	15 233 229	958 383	44 483 650
Group executive									
C Burmeister	2 981 802	74 611	3 056 413	5 179	—	2 820 753	2 820 753	111 263	8 814 361
CB Fardell ⁵	1 964 670	142 361	2 107 031	3 577	260 068	—	—	—	2 370 676
LD Kidd	3 187 246	80 625	3 267 871	5 596	—	3 784 665	3 784 665	69 065	10 911 862
SB McGill ⁶	3 090 770	23 830	3 114 600	5 209	—	3 116 157	3 116 157	45 113	9 397 236
H Nel	3 500 216	27 476	3 527 692	5 994	—	3 997 379	3 997 379	94 765	11 623 209
Q Swart	2 809 843	22 188	2 832 031	79 850	—	2 818 435	2 818 435	40 078	8 588 829
IH van Lochem	3 054 298	23 834	3 078 132	5 210	—	3 116 758	3 116 758	69 065	9 385 923
Total	20 588 845	394 925	20 983 770	110 615	260 068	19 654 147	19 654 147	429 349	61 092 096

1 Guaranteed packages are reflected net of the remaining 3 months salary sacrifice deduction, where applicable.

2 Other benefits refer to group personal accident cover. Included in other benefits for Q Swart is a pay adjustment for assuming responsibility for the plastics business.

3 The incentive disclosed under executive incentive plan (EIP) is based on the performance period ended 30 September 2021. In terms of the plan 50% of the determined amount will be paid in cash as an annual incentive, payable in December 2021, subject to the satisfaction of a free cash flow condition. The remaining 50% will be delivered as forfeitable shares subject to forfeiture and disposal restrictions. The shares will be purchased on the open market post closed period. The full incentive value is disclosed in the table above, however, the deferred incentive will only be recognised in the directors and prescribed officers' remuneration note in the financial statements on vesting.

4 Historical LTI disclosed includes the award of matching shares under the DBP in December 2020, based on STI payments for the 2020 performance period, valued at market value at purchase date and the September 2019 PSP awards, to the extent that the performance conditions were satisfied. PSP awards were valued at the 30-day VWAP at year-end.

5 CB Fardell resigned with effect 30 June 2021. Termination pay comprises leave pay of R260 068.

6 SB McGill was appointed to the group executive with effect 1 October 2020.

Remuneration report continued

Remuneration 2020

The following table sets out the total remuneration received and receivable by executive directors and group executives:

Rand	Basic salary	Company contribution to retirement	Guaranteed package	Value of other benefits ¹	Termination	STI ²	LTI ³	Total single figure remuneration
Executive directors								
EE Smuts ⁴	6 497 351	48 279	6 545 630	16 203	—	2 097 254	1 415 700	10 074 787
GR Fullerton	5 532 226	44 794	5 577 020	15 121	—	1 781 844	—	7 373 985
Total	12 029 577	93 073	12 122 650	31 324	—	3 879 098	1 415 700	17 448 772
Resigned during the year								
AM de Ruyter ⁵	2 195 488	18 027	2 213 515	5 649	244 492	—	—	2 463 656
Total	14 225 065	111 100	14 336 165	36 973	244 492	3 879 098	1 415 700	19 912 428
Group executives								
C Burmeister	2 953 245	76 310	3 029 555	8 003	—	779 594	521 390	4 338 542
CB Farndell ⁷	1 470 859	107 527	1 578 386	4 141	—	690 452	—	2 272 979
LD Kidd	3 133 125	82 461	3 215 586	8 648	—	1 120 592	—	4 344 826
RG Morris ⁶	3 182 735	25 262	3 207 997	8 812	5 487 318	1 111 638	—	9 815 765
H Nel ⁸	2 279 543	15 944	2 295 487	5 281	—	1 035 707	—	3 336 475
Q Swart ⁷	1 565 619	12 766	1 578 385	4 198	—	926 885	—	2 509 468
IH van Lochem	3 029 574	23 847	3 053 421	8 050	—	1 109 790	150 000	4 321 261
Total	17 614 700	344 117	17 958 817	47 133	5 487 318	6 774 658	671 390	30 939 316

1 Other benefits refer to group personal accident cover.

2 STI disclosed is based on performance during the 2020 financial year, but actual STI payments will be made in December 2020.

3 LTI disclosed is the award of matching shares under the DBP in December 2019. Values are calculated using market value at purchase date. The performance conditions aligned to the PSP were not achieved. None of the December 2017 awards will vest.

4 EE Smuts was appointed CEO with effect from 6 January 2020.

5 AM de Ruyter resigned with effect from 5 January 2020. Termination pay comprises leave pay of R244 492.

6 RG Morris was retrenched with effect from 31 July 2020. Termination pay comprises leave pay of R566 641, notice pay of R990 250, severance pay of R3 430 427 and executive retirement gratuity of R500 000.

7 CB Farndell and Q Swart were appointed to the group executive committee with effect 1 March 2020.

8 H Nel was appointed to the group executive committee with effect 1 February 2020.

Minimum shareholding requirement (MSR) compliance

The company's MSR policy has been in operation for one year. Executives are expected to comply with the policy by 30 September 2025 (or such later date if they are appointed after 1 October 2020) and can build the minimum shareholding up by purchasing shares in their personal capacity or by retaining vested shares from long-term incentives. As we move closer to the compliance target date, adherence to the policy will be included in future implementation reports.

Share disclosure tables

Disclosure on the quantum and value of awards outstanding at the beginning of the reporting period, as well as new awards made during the reporting period have been provided in the separate and detailed remuneration report.

🔗 The remuneration report is available on our website at www.nampak.com

Non-executive directors' remuneration 2021/2020

The non-executive directors' remuneration paid during the year under review (as approved previously by shareholders) and the total comparative figures are disclosed below.

Rand	Directors fees	Audit and risk	Nomination and remuneration	Social, ethics and transformation	Total fees 2021	Total fees 2020	
						Total approved fees earned	Total invoiced fees ¹
E Ikazoboh					—	164 832	164 832
J John					—	32 642	32 642
IN Mkhari					—	280 350	280 350
N Khan	327 400	258 500			585 900	98 550	98 550
KW Mzondeki	327 400	258 500			585 900	573 800	531 552
CD Raphiri	327 400		261 300	193 300	782 000	756 700	705 985
SP Ridley	327 400	515 700	137 000		980 100	1 050 733	970 873
L Sennelo	327 400	258 500		97 400	683 300	501 485	450 670
PM Surgey	1 575 000				1 575 000	1 800 000	1 600 000
Total	3 212 000	1 291 200	398 300	290 700	5 192 200	5 259 092	4 835 454

1 During 2020 the non-executive directors reduced their fees earned for a three-month period by 30%. The reduced value is reflected as total fees invoiced.

Social, ethics and transformation report for the year ended 30 September 2021

I am pleased to present the social and ethics report on behalf of the social, ethics and transformation committee. I confirm that the committee discharged all its responsibilities and carried out all the functions assigned to it in terms of regulation 43 of the Companies Act and as contained in the committee's charter.

Responsibilities

Nampak acknowledges and appreciates its responsibilities toward society. In executing its social and ethics responsibilities, the committee reviewed and monitored Nampak's activities relating to social and economic development, the environment, the health and safety of our employees and consumer relationships, having regard to human rights, relevant legislation and prevailing best practice. Matters we specifically focused on during the year included:

- › transformation;
- › corporate social investment;
- › enterprise and supplier development;
- › social, ethics and the environment;
- › health and safety; and
- › consumer and customer relationships

Report on focus areas

Transformation

Nampak is committed to creating a fully transformed organisation. The committee monitors the company's performance against its broad-based black economic empowerment (B-BBEE) targets in each category on the scorecard. Nampak achieved level 2 contributor status in 2019 a level it maintained throughout 2020 and 2021.

Employment equity remains a key focus area and the following table shows the percentage achievement in 2021:

%	Black	Black Female
Non-executive directors	67	50
Executive directors	0	0
Group executives	0	0
Senior management	38	10
Middle management	53	24
Junior management	74	28
Semi-skilled	93	16
Unskilled	99	32

There was an improvement in employment equity during the year but due to low staff turnover and a decision to delay new appointments into certain senior management job roles as the business manages its capital raise requirements representation in senior positions has not been accelerated as fast as we would have desired.

We are pleased with the significant increase in female representation at management levels where continued and structured focus has resulted in the attraction, appointment and retention of key graduate skills that are now moving into more senior roles. Higher targets, indicative of the commitment to transformation within Nampak, have been set for 2025.

A structured process to accelerate transformation in the group's management control position is underway with a focus on the recruitment and development of black management talent.

Corporate social investment

The main focus of Nampak's corporate social investment has for many years been on education and in particular the partnership we had with carefully selected secondary schools. Partly due to the impact of COVID-19, it was not possible to continue with this initiative which operated for almost 20 years and it was unfortunately suspended in 2021. Consideration is being given to implementing a similar project in 2022.

Nampak provided temporary employment to 100 young people in 2021 as part of its ongoing commitment to the YES4Youth initiative to which it contributed over R6m in 2021, bringing its total investment in this programme since inception to more than R20m.

Enterprise development

Enterprise development is necessary in enabling small and medium-size businesses to play a meaningful role in the economy. The group enterprise and supplier development programme provided enterprise and supplier development support and guidance to a number of black-owned suppliers aligned to its overall supplier diversity and inclusion work. We have engaged the assistance and services of the South African Supplier Diversity Council (SASDC) which is a non-profit organisation that works extensively with corporates and their suppliers to facilitate and guide some of our projects. Nampak supported several small businesses and scored the maximum 17 points for enterprise development in 2021.

Health and safety

Health and safety is a top priority for Nampak and safety is one of our values. Safety audits are regularly conducted. Some sites have achieved safety certifications. Performance is monitored against safety tolerance levels. The long-term injury frequency rate (LTIFR) in 2021 improved to 0.27 compared to the tolerance level of 0.35. The table below shows the LTIFR statistics over the past five years:

2021	2020	2019	2018	2017
0.27	0.36	0.34	0.27	0.41

Individual incentive bonus payments are linked to safety targets.

The COVID-19 pandemic continued to have a significant impact on our business and the lives of our employees. We were faced with a number of lockdowns but in most cases our factories continued to operate albeit under strict protocols. Health and safety measures put in place at the commencement of the pandemic to protect our employees and mitigate the impact of the virus remain in place. Where practical, employees were encouraged to work from home. There were 491 positive cases amongst Nampak employees and regrettably seven employees passed away due to the coronavirus.

The environment

As one of the foremost packaging companies in Africa, Nampak has a key role in protecting our environment. Some of our initiatives include:

- › proactive management of emissions in terms of applicable carbon tax legislation;
- › participation in standards certification and audit programmes;
- › recycling initiatives;
- › water management; and
- › hazardous waste management protocols

Nampak participates in several industry bodies which promote recycling and sustainability. We are invested in Collect-a-Can (a recovery and recycling organisation), recovering approximately 80% of scrap aluminium beverage cans, which is a world-leading performance. Informal recyclers, who are very active in the collection and recycling of aluminium beverage cans, currently receive approximately 28c per recovered can with an estimated R97 million having been returned to the informal sector this year. Nampak is also actively working with its customers to assist in reducing the negative impact of a number of products on the environment.

We acknowledge the need to formulate our plans to reach net zero in line with the Paris Agreement.

👁️ **Refer to the full sustainability report on our website, www.nampak.com, for more details of activities with an impact on the environment, which were considered by the social, ethics and transformation committee.**

Ethics

The committee ensures oversight of employment relationships, organised labour and decent work and working conditions in accordance with applicable legislation and ILO Conventions.

Nampak is committed to promoting equal opportunities and fair employment practices across its business.



Our code of conduct and business ethics was revised in 2021 to meet current conditions and forms the basis of ethical behaviour in the group and sets the minimum standards expected of all directors, employees, regardless of the country in which they are employed, and suppliers. These individuals are obligated under the code to act with honesty and integrity and to maintain the highest ethical standards. Tip-Offs Anonymous, which is independently administered, allows complainants to confidentially report any violations of Nampak's policies and procedures. The committee exercises ongoing oversight over the management of calls received.

Social, ethics and transformation report continued

The table below provides details of reports received from Tip-Offs Anonymous and the action taken as at the date of reporting:

	2021	2020	2019
Reports received	49	31	48
Disciplinary hearings	4	4	2
Dismissals	2	0	0
Forensic reviews	29	26	32
Disciplinary hearings	7	4	2
Dismissals	7	0	0

No human rights violations were reported during the year, nor were any material incidents of corruption detected or reported.

We considered and are satisfied with the progress in monitoring Nampak's compliance with its code of conduct and business ethics, the 10 principles of the United Nations Global Compact. The committee also considered the local legislative and regulatory framework and is satisfied that there was compliance in all respects. The committee is pleased to report that there were no reportable offences during the year.

Consumer and customer relationships

The committee reviewed performance against customer and consumer legislation and regulations and recorded that there were no material breaches. We are pleased to note that the majority of our manufacturing sites continued to hold quality certifications, including those relating to food safety standards. Many of our operations are subject to regular audits by our customers, as well as by independent external accreditation bodies.



CD Raphiri
Chairman

Social, ethics and transformation committee
3 December 2021

👁️ **The full sustainability report is available on our website www.nampak.com**

Shareholders' diary at 30 September 2021

Annual general meeting

Wednesday, 16 February 2022

Interim statement and ordinary dividend announcement for the half-year ending 31 March 2022

May 2022

Group results and ordinary dividend announcement for the year ending 30 September 2022

December 2022

Dividend

Ordinary

Final dividend for the year ended 30 September 2021

No dividend being paid

Interim dividend for the half-year ending 31 March 2022

To be paid in July 2022, if payable

Preference

6.5% and 6% cumulative preference dividends

Payable twice per annum during February and August

Notice of annual general meeting

Nampak Limited

("Nampak" or "the Company")

Incorporated in the Republic of South Africa

Registration number: 1968/008070/06

Share code: NPK

ISIN: ZAE000071676

Notice is hereby given that the 54th annual general meeting of Nampak Limited shareholders will be held entirely virtually at 14:00 on Wednesday, 16 February 2022.

The electronic communication platform utilised by the Company will enable all persons participating in the annual general meeting to vote electronically during the annual general meeting and to communicate and to participate effectively in the annual general meeting. It will be possible to vote electronically on resolutions during the annual general meeting.

The holders of Nampak Limited shares ("the shareholders") and any persons who are not shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the meeting as at the record date of Friday, 4 February 2022, (collectively the "holders" or "you"), are entitled to participate in and vote electronically at the annual general meeting in person or by proxy/ies.

The board of directors of Nampak Limited ("the Board") has determined, in accordance with section 59 of the Companies Act, No. 71 of 2008 ("the Companies Act"), that the record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 3 December 2021. The record date for persons to be recorded as shareholders in the securities register of the Company in order to be able to attend, participate in and vote at the annual general meeting, is Friday, 4 February 2022. Accordingly, the last date to trade in order to be registered in the Company's securities register is Tuesday, 1 February 2022.

This document is available in English only. Your attention is drawn to the notes at the end of this notice, which contain important information with regard to participation in the annual general meeting.

The purpose of the annual general meeting is for you to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company's Memorandum of Incorporation ("MOI") and the Companies Act, as read with the Listings Requirements of the stock exchange operated by JSE Limited ("the JSE") ("the Listings Requirements"):

Presentation of annual financial statements and social and ethics report

1. Annual financial statements

The consolidated audited annual financial statements of the Company and of the Nampak Group, for the financial year ended 30 September 2021, together with the directors' report, the audit and risk committee report and the report from the external auditors, are available and can be obtained from the Nampak website at www.nampak.com. Summarised annual financial statements are included with this notice of annual general meeting; and

2. Social and ethics report

The social and ethics report of the social, ethics and transformation committee for the financial year ended 30 September 2021, as required in terms of regulation 43(5)(c) of the Companies Regulations, 2011 ("the Regulations") is set out on page 82 of the integrated report.

Ordinary resolutions

Ordinary resolutions, save to the extent expressly provided in respect of a particular matter contemplated in the Listings Requirements or MOI, shall be adopted with the support of more than 50% of the voting rights exercised on the resolution by those persons participating in the meeting.

3. Election of retiring directors

The holders are required to vote on the election, by way of a separate vote, for the following directors who are required to retire as directors of the Company in terms of clause 29.1 of the MOI, and who are eligible and available for re-election, and therefore the holders are required to:

3.1 Ordinary resolution number 1 – re-election of SP Ridley

“Resolve that SP Ridley be and is hereby re-elected as a director of the Company.”

3.2 Ordinary resolution number 2 – re-election of LJ Sennelo

“Resolve that LJ Sennelo be and is hereby re-elected as a director of the Company.”

The Nominations and Remuneration Committee has recommended the eligibility of the directors after due consideration of *inter alia*, past performance and contributions made. It is the Board's view that the re-election of the directors referred to above would enable the Company to reliably maintain a mixture of experience, skills and diversity relevant to the Company and enable it to maintain a balance of executive, non-executive and independent directors on the Board.

🔗 **Brief biographies of the aforementioned directors are included on pages 62 and 63 of the integrated report, distributed with this notice.**

4. Ordinary resolution number 3 – appointment of external auditors

A new external audit firm must be appointed by no later than 2023 in line with the Independent Regulatory Board for Auditors' rule on mandatory audit firm rotation. The audit and risk committee has commenced with a process to ensure that a new firm is appointed by such time. In the meantime, the audit and risk committee has concluded that the appointment of Deloitte & Touche will comply with the requirements of the Companies Act and the Regulations, and accordingly nominates Deloitte & Touche for re-appointment as external auditor of the Company.

The holders are required to vote on the appointment of Deloitte & Touche to act as the Company's independent external auditor until the end of the next annual general meeting and therefore, the holders are required to:

“Resolve that Deloitte & Touche be and is hereby appointed as the Company's independent external auditor until the end of the next annual general meeting, and note that Mr Jurie de Kock will undertake the audit during the financial year ending 30 September 2022 as the individual registered auditor of Deloitte and Touche.”

The audit and risk committee satisfied itself that Deloitte & Touche is qualified and independent of the group. Taking into consideration Deloitte's internal quality control procedures and the Independent Regulatory Board for Auditors' report on the firm, the committee concluded further that the quality and effectiveness of the external audit process remain satisfactory.

It is also confirmed that none of the circumstances set out in section 90(6) of the Companies Act apply as at the date of the annual general meeting.

5. Appointment of members of the audit and risk committee

The holders are required to vote on the election, each by way of a separate vote, of the members of the audit and risk committee of the Company, and therefore the holders are required to:

5.1 Ordinary resolution number 4 – appointment of N Khan

“Resolve that N Khan be and is hereby elected as a member of the audit and risk committee of the Company to hold office until the end of the next annual general meeting;”

5.2 Ordinary resolution number 5 – appointment of KW Mzondeki

“Resolve that KW Mzondeki be and is hereby elected as a member of the audit and risk committee of the Company to hold office until the end of the next annual general meeting;”

5.3 Ordinary resolution number 6 – appointment of SP Ridley

“Resolve that SP Ridley be and is hereby elected as a member of the audit and risk committee of the Company, subject to him being elected as director in terms of ordinary resolution number 1 to hold office until the end of the next annual general meeting;” and

5.4 Ordinary resolution number 7 – appointment of LJ Sennelo

“Resolve that LJ Sennelo be and is hereby elected as a member of the audit and risk committee of the Company, subject to her being elected as director in terms of ordinary resolution number 2, to hold office until the end of the next annual general meeting.”

At the date of this notice, there are no vacancies on the audit and risk committee.

The Board has reviewed the proposed composition of the audit and risk committee against the requirements of the Companies Act and the Regulations*, and has confirmed that the proposed audit and risk committee will comply with the relevant requirements, and has the necessary knowledge, skills and experience to enable the audit and risk committee to perform its duties in terms of the Companies Act. The Board recommends the election by holders of the directors listed above as members of the audit and risk committee, to hold office until the end of the next annual general meeting.

🔗 **Brief biographies of the aforementioned directors are included on pages 62 and 63 of the integrated report, distributed with this notice.**

* Sections 94(4) and 94(5) of the Companies Act read with Regulation 42.

Notice of annual general meeting continued

Non-binding advisory votes

The holders are required to consider and vote on the resolutions set out below, in the manner required by the Report on Corporate Governance for South Africa 2016 ("King IV™"), as read with the Listings Requirements and therefore the holders are required to:

6. Remuneration policy of the Company

"**Endorse** on an advisory basis the Company's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of Board committees and the audit and risk committee) as set out on pages 66 to 80 of the Company's integrated report for the year ended 30 September 2021;" and

7. Implementation report of the Company's remuneration policy

"**Endorse** on an advisory basis the implementation report of the Company's remuneration policy as set out on pages 76 to 80 of the Company's integrated report for the year ended 30 September 2021."

Reason for advisory endorsement

In terms of the King IV™ and the Listings Requirements, advisory votes should be obtained from the shareholders on the Company's remuneration policy and implementation report of the Company's remuneration policy. The votes allow shareholders to express their views on the remuneration policy adopted and the extent of the implementation thereof, but are not binding on the Company.

Special resolutions

Special resolutions shall be adopted with the support of at least 75% of the voting rights exercised on the resolution of those persons present at the meeting.

8. Special resolution number 1 – approval of non-executive directors' remuneration

"**Resolve that** for the period commencing 1 October 2021 until this resolution is specifically replaced, the remuneration payable to non-executive directors of the Company for their services as directors is set out in the table below.

Reason and effect of special resolution number 1

In terms of section 65(11)(h) of the Companies Act, read with sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the holders within the previous 2 (two) years, and only if this is not prohibited in terms of the MOI.

The proposed remuneration payable to non-executive directors is based on best practice and aimed at ensuring fair and competitive remuneration. It is important for the Company to attract and retain directors with the relevant experience and skills to effectively lead the Company.

9. Financial assistance

Taking into consideration that:

The Company may be required to grant financial assistance as contemplated in sections 44 or 45 of the Companies Act in the normal course of business, for the facilitation of effective day-to-day operations, financial administration and financial structuring, or in relation to black economic empowerment transactions or existing share schemes.

Nampak's subsidiaries and other related and inter-related companies and corporations are only able to obtain financing and/or financial backing from

Proposed fees¹

Rand (exclusive of VAT)	Base fee per annum	Fee per meeting for attendance
Board/Committee²		
Non-executive chairman ³	1 575 000	n/a
Non-executive director	224 050	23 600
Audit and risk committee chairman	177 300	42 300
Audit and risk committee member	105 700	19 100
Chairman of other Board committees	176 300	17 000
Member of other Board committees	87 500	9 900

1 All fees remain unchanged from the prior year except for the non-executive director's fees which have been increased by 4.5%.

2 There are currently 3 (three) Board committees (the audit and risk committee, the nominations and remuneration committee and the social, ethics and transformation committee). The committee fees remain unchanged from the prior year.

3 Single fee for the role of non-executive chairman and participation in any Board committee meetings, as member or chairman. The chairman's fee has remained unchanged from the prior year.

Nampak Limited pursuant to a special resolution of the shareholders in terms of sections 45 of the Companies Act, which may include inter-company loans or Company guarantees in favour of third parties such as financial institutions, service providers and other counterparties (in respect of the provision of banking facilities, structured financing transactions, the refinancing or restructuring of existing financing transactions, new funding arrangements, acquisition transactions, project financing or debt capital transactions).

Nampak's existing share schemes do not satisfy the requirements of section 97 of the Companies Act in that these schemes provide for, amongst others, the transfer of shares, in addition to the issue of shares, to employees (including executive directors and prescribed officers) of the Nampak Group and therefore are not exempt from the provisions of sections 44 and 45 of the Companies Act which require that the granting of financial assistance by the Company for the purposes of the scheme be approved by special resolutions of the shareholders.

No such financial assistance will be given in contravention of any statutory requirement and/or the Listings Requirements applicable to the Company,

The holders are requested to:

9.1 Special resolution number 2 – Financial assistance in terms of section 45 of the Companies Act

"Authorise, to the extent required in terms of section 45 of the Companies Act, the Board, as it in its discretion deems fit, but subject to compliance with the requirements of the MOI, the Companies Act and the Listings Requirements applicable to the Company, to grant authority to the Company to provide at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to such term in section 45(1) of the Companies Act and includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to any one or more related or inter-related company or corporation of the Company, provided that:

- (i) such financial assistance must relate to transactions or intended transactions, including transactions related to any share schemes for employees of the Nampak Group or for the purposes of or in connection with a black economic empowerment transaction;
- (ii) the Board, when authorising any such financial assistance, determines: (a) the recipient or recipients of such financial assistance; (b) the form, nature and extent of such financial assistance and (c) the terms and conditions under which such financial assistance is provided;

- (iii) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board, before making any such financial assistance available, has satisfied itself that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as contemplated in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and meet all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Reason for and effect of special resolution number 2

This special resolution is proposed in order to comply with the requirements of section 45 of the Companies Act which provides that financial assistance as contemplated by section 45 of the Companies Act must be approved by a special resolution of the holders, adopted within the previous 2 (two) years.

The effect of this special resolution will be to ensure amongst others, that Nampak's subsidiaries and other related and inter-related companies and corporations and any trusts operating share schemes for employees of the Nampak Group have access to financing and/or financial backing from Nampak for any purpose in the normal course of business of the Nampak Group and/ or as required for any black economic empowerment transaction. For the avoidance of doubt, this special resolution will not authorise the Board to provide financial assistance to any natural persons, other than those who are not directors or prescribed officers (as that is dealt with in special resolution number 3) indirectly as beneficiaries of the trusts operating share schemes.

9.2 Special resolution number 3 – Financial assistance in terms of section 45 of the Companies Act to directors or prescribed officers of the Company or of a related or inter-related company in connection with Nampak's existing share schemes

"Authorise, to the extent required in terms of section 45 of the Companies Act, the Board, as it in its discretion deems fit, but subject to compliance with the requirements of the MOI, the Companies Act and the Listings Requirements applicable to the Company, to grant authority to the Company to provide at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to such term in section 45(1) of the Companies Act and includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to any director or prescribed officer of the Company or of a related or inter-related company, provided that:

Notice of annual general meeting continued

- (i) such financial assistance is provided only in terms of the provisions and for the sole purpose of Nampak's existing share schemes;
- (ii) the Board, when authorising any such financial assistance, determines: (a) the recipient or recipients of such financial assistance; (b) the form, nature and extent of such financial assistance and (c) the terms and conditions under which such financial assistance is provided; and
- (iii) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board, before making any such financial assistance available, has satisfied itself that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as contemplated in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and meet all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Reason for and effect of special resolution number 3

This special resolution is proposed in order to comply with the requirements of section 45 of the Companies Act which provides that financial assistance as contemplated in section 45 of the Companies Act must be approved by a special resolution of the holders, adopted within the previous 2 (two) years.

The effect of this special resolution will be for the Company to provide financial assistance to directors and prescribed officers of the Company or their related or inter-related companies in connection with Nampak's existing share schemes only, and not for any other purpose.

9.3 Special resolution number 4 – Financial assistance in terms of section 44 of the Companies Act

"**Authorise**, to the extent required in terms of section 44 of the Companies Act, the Board, as it in its discretion deems fit, but subject to compliance with the requirements of the MOI, the Companies Act and the Listings Requirements applicable to the Company, to grant authority to the Company to provide at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person, including Participants (as defined in Nampak's existing share schemes) for the purpose of, or in connection with, the subscription of

any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that:

- (i) such financial assistance must be in connection with Nampak's existing share schemes or a black economic empowerment transaction;
- (ii) the Board (or any person or persons to whom the Board has delegated the power to approve recipients of the financial assistance) from time to time determines: (a) the recipient or recipients of such financial assistance; (b) the form, nature and extent of such financial assistance and (c) the terms and conditions under which such financial assistance is provided; and
- (iii) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board, before making any such financial assistance available, has satisfied itself that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as contemplated in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Reason for and effect of special resolution number 4

This special resolution is proposed in order to comply with the requirements of section 44 of the Companies Act. Financial assistance in terms of section 44 of the Companies Act must be approved by a special resolution of the holders, adopted within the previous 2 (two) years.

The effect of this special resolution will be to facilitate the effective day-to-day operations within the Nampak Group, to facilitate black economic empowerment transactions and enable the existing share schemes to be implemented and administered.

10. Special resolution number 5 – general authority to repurchase Company shares

The holders are requested to:

"**Authorise** the Board, as it in its discretion deems fit, but subject to compliance with the MOI, section 48 of the Companies Act and the Listings Requirements applicable to the Company, to approve the general repurchase by the Company or purchase by any of its subsidiaries, ("Repurchase") of any of the Company's ordinary shares provided that:

- (i) the number of shares acquired in any one financial year shall not exceed 10% (ten per cent) of the shares in issue in the applicable class at the date on which this resolution is passed;
- (ii) a decision by the Board involving the repurchase of more than 5% (five per cent) of the issued shares of any class will be subject to the requirements of sections 114 and 115 of the Companies Act;
- (iii) no voting rights attached to the Company's shares repurchased by a subsidiary of the Company may be exercised while shares are held by that subsidiary, whilst it remains a subsidiary of the Company;
- (iv) this authority shall lapse on the earlier of the date of the next annual general meeting of the Company or the date 15 (fifteen) months after the date on which this special resolution is passed;
- (v) any repurchase may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the repurchase transaction is effected;
- (vi) the repurchase of shares may not be effected during a prohibited period, unless such repurchase is done in accordance with the Listings Requirements;
- (vii) the repurchase must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- (viii) such details as may be required in terms of the Listings Requirements are announced when the Company or its subsidiaries have repurchased an aggregate of 3% (three per cent) of shares in issue at the time the authority is given;
- (ix) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on its behalf;
- (x) the Board, by resolution, has authorised the repurchase and acknowledged that it has applied the solvency and liquidity test and reasonably concluded that the Company and its subsidiaries will satisfy the solvency and liquidity test immediately after the repurchase and subject to the Board reconsidering the solvency and liquidity test at the time of any repurchase and that since the test was performed there have been no material changes to the financial position of the group; and
- (xi) the general authority granted to the Board may be varied or revoked, by special resolution, at any time prior to the next annual general meeting of the Company."

Reason and effect of special resolution number 5

In terms of paragraph 5.72(c) of the Listings Requirements, a special resolution is required to approve a general repurchase by the Company of its securities. In terms of the Companies Act, the Board must make a determination to acquire its shares only if it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed acquisition.

The reason and effect for this special resolution is to grant the Company a general authority to allow it or any of its subsidiaries, if the Board of the Company deems it appropriate in the interests of the Company, to acquire, through purchase on the JSE, ordinary shares up to a maximum of 10% (ten per cent) issued by the Company subject to the restrictions contained in the above special resolution.

This general authority to acquire the Company's shares replaces the general authority granted at the annual general meeting of the Company held on 11 February 2021.

Statement of intent

This authority will only be used if the circumstances are appropriate and ordinary shares will be purchased on the JSE.

The directors, after considering the effect of such general repurchase, are of the opinion that if such repurchase is implemented:

- (i) the Company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 (twelve) months after the date of this notice;
- (ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the Company and that of its subsidiaries will exceed the liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice;
- (iii) the ordinary capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for the period of 12 (twelve) months after the date of this notice;
- (iv) the working capital of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for the period of 12 (twelve) months after the date of this notice; and
- (v) a resolution being passed by the Board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the Company.

Notice of annual general meeting continued

For the purpose of considering special resolution number 5 and in compliance with paragraph 11.26 of the Listings Requirements, the following general information is included in the annual financial statements and integrated report:

- (i) Directors and management (pages 62 to 65 of the integrated report);
- (ii) Major shareholders as at 30 September 2021 (page 102 of the annual financial statements);
- (iii) There have been no material changes in the financial or trading position of the Company between the date of publication of the financial results for the financial year ended 30 September 2021 and the date of this notice;
- (iv) Directors' interests in securities (page 19 of the annual financial statements);
- (v) Share capital of the Company as at 30 September 2021 (pages 16 and 88 of the annual financial statements); and
- (vi) The Company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 62 and 63 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information relating to this special resolution and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this special resolution contains all information required by law and the Listings Requirements.

11. Special resolution number 6 – Company acquiring the Company's shares from a director or prescribed officer

The holders are requested to:

"Resolve that, when any general repurchase by the Company of its shares takes place in accordance with special resolution number 4, the Board is authorised, as required by section 48(8)(a) of the Companies Act, to approve the purchase by the Company of its issued shares from a director and/or a prescribed officer of the Company, and/or person related to a director or prescribed officer of the Company, subject to the provisions of the MOI, the Companies Act, and the Listings Requirements."

Reason and effect of special resolution number 6

This resolution is proposed in order to enable the Board, from the date of passing of this special resolution until the date of the next annual general meeting of the Company, (such resolution not to be valid for a period greater than 15 (fifteen) months from the date of the passing of this special resolution number 5), to approve the acquisition by the Company of its shares from a director and/or a prescribed officer of the Company, and/or a person related to any of them when a general repurchase by the Company of the Company's shares takes place in accordance with special resolution number 5.

Section 48(8)(a) of the Companies Act provides, amongst others, that a decision by the Board to acquire shares of the Company from a director or prescribed officer of the Company, or a person related to a director or prescribed officer of the Company, must be approved by a special resolution of the shareholders of the Company. When a general repurchase by the Company of the Company's shares takes place in accordance with special resolution number 5, the Company may inadvertently acquire shares from a director and/or a prescribed officer of the Company, and/or a person related to a director or prescribed officer of the Company and such repurchase must, in terms of the Companies Act, be approved by a special resolution of the shareholders.

In terms of the Companies Act, the Board must make a determination for the Company to acquire securities issued by the Company only if it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed acquisition.

The Board has no specific intention of acquiring shares from a director and/or a prescribed officer of the Company, and/or any person related to them. The authority is intended to provide for instances where shares are inadvertently acquired from directors and/or prescribed officers and/or persons related to any of them during the execution of a general share repurchase programme in accordance with the authority provided for in special resolution number 5 above.

By order of the Board

I H Van Lochem
Company secretary

20 December 2021

Nampak Limited
Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, Sandton, 2191
Republic of South Africa

Notes to the notice of annual general meeting

Registration, identification, voting and proxies

1. The annual general meeting will be conducted virtually, giving shareholders the opportunity to attend and participate in the annual general meeting using a compatible smartphone, tablet or computer. Shareholders who wish to attend the annual general meeting can access an online registration portal to register for electronic participation in the annual general meeting ("the Online Portal") by following the link: <https://meetnow.global/ZA> (or type it into the web browser). You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure that your browser is compatible.
2. Registration:
 - a. Shareholders are requested, for administration purposes, to register on the Online Portal (by following the link: <https://meetnow.global/ZA>) by no later than 14:00 on Monday, 14 February 2022.
 - b. Shareholders may, however, still register via the Online Portal to participate in, and/or vote electronically at the annual general meeting after this date provided that such shareholders have verified their right to attend and register prior to exercising any rights at the annual general meeting.
 - c. In terms of section 63(1) of the Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. The following documents will be required to be uploaded via the Online Portal as part of the registration process:
 - (i) Proof of identity (i.e. identity document, driver's licence or passport);
 - (ii) Authority if acting in a representative capacity; and
 - (iii) In the case of dematerialised shareholders without "own-name" registration who wish to attend the annual general meeting electronically, the necessary letter of representation from your CSDP or stockbroker. Please refer to note 6 below for further details regarding the letter of representation.
3. Following successful registration, the transfer secretary will provide you with a link to access the meeting, as well as an invitation code to connect electronically to the annual general meeting by no later than 12 hours before the annual general meeting starts.
4. Although voting will be permitted by way of electronic communication, shareholders are encouraged to submit votes by proxy before the annual general meeting.
5. Shareholders connecting to the annual general meeting electronically will be able to participate in the general meeting. Shareholders present in person, by proxy or by authorised representative shall, have one vote each and, on a poll, have one vote in respect of each share held. It is intended that voting will be conducted electronically by way of a poll.
6. Dematerialised shareholders without "own-name" registration who wish to participate electronically at the annual general meeting will require their CSDP or broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement. Dematerialised shareholders without "own-name" registration who do not wish to attend the annual general meeting but wish to be represented at the annual general meeting must advise their CSDP or broker of their voting instructions. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.
7. Certificated shareholders and dematerialised shareholders with "own-name" registration who are unable to participate at the annual general meeting and who wish to be represented at the annual general meeting, must complete and return the attached proxy form in accordance with the instructions contained in Notes to form of proxy hereunder.
8. In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out below:
 - (i) A shareholder entitled to attend and vote at the annual general meeting may appoint one or more individuals, who need not be shareholders of the Company, concurrently as proxies and may appoint more than one proxy to attend, participate in and exercise voting rights attached to different securities held by such shareholder.

Notes to the notice of annual general meeting continued

- (ii) A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the meeting.
 - (iii) A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
 - (iv) The appointment of a proxy is suspended at any time, and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
 - (v) The appointment of a proxy is revocable by the shareholder in question cancelling it in writing and delivering a copy of the revocation instrument to the proxy and to the Company before the proxy exercises any rights of the shareholder at the annual general meeting on Wednesday, 16 February 2022 at 14:00 or any adjournment thereof. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
 - (a) the date stated in the revocation instrument, if any, and
 - (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
 - (vi) If the instrument appointing the proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to the shareholder, must be delivered by the Company to:
 - (a) the shareholder or
 - (b) the proxy, if the shareholder has:
 - (i) directed the Company to do so in writing and
 - (ii) paid any reasonable fee charged by the Company for doing so.
 - (vii) Attention is also drawn to the notes to the form of proxy. The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.
9. The Company does not accept responsibility and will not be liable for any failure on the part of the broker, CSD Participant, banker, attorney, accountant or other appropriate professional advisor of any holder of dematerialised securities to notify the holder thereof of the contents of this document.
 10. The cost of electronic participation in the annual general meeting is for the expense of the shareholder ("Participant") and will be charged separately by the Participant's own service provider. The electronic communication services are provided by third parties and neither the Company nor its service providers can be held liable for any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. Neither the Company nor any of its service providers can be held accountable, and Participants in the annual general meeting will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the annual general meeting such as insufficient airtime or data, internet connectivity, internet bandwidth and/or power outages.
 11. If you have disposed of all of your Nampak securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker, attorney, accountant or other person through whom the disposal was effected.
 12. If you are in any doubt as to what action you should take arising from this document, please immediately consult your broker, CSDP, banker, attorney, accountant or other appropriate professional advisor.

Form of proxy

For the 54th annual general meeting

Nampak Limited

("Nampak" or "the Company")

Incorporated in the Republic of South Africa

Registration number: 1968/008070/06

Share code: NPK

ISIN: ZAE000071676

Shareholders are advised that the Company has appointed Computershare Investor Services (Pty) Ltd as its proxy solicitation agent. If you are a Nampak shareholder entitled to attend and vote at the annual general meeting you can appoint a proxy to attend, participate in, speak and vote in your stead. You must complete and return this form of proxy, in accordance with the instructions contained herein, to Computershare Investor Services (Pty) Ltd, to be received by them on or before 14:00 on Monday, 14 February 2022 or alternatively the form of proxy can be handed in before the relevant resolution on which the proxy is to vote, is considered at the annual general meeting.

This proxy form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration as at the record date for the annual general meeting. If you are a Nampak shareholder and have dematerialised your share certificate through a CSDP (and have not selected "own name" registration in the sub-register maintained by a CSDP), **do not** complete this form of proxy but instruct your CSDP to issue you with the necessary letter of representation to attend the annual general meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

I/We _____ (full names in BLOCK LETTERS please)

of (address) _____

telephone (work) _____ (home) _____ cellphone number _____

email address _____ being the holder(s) of _____ shares in the Company, hereby appoint (see note 2):

- _____ or failing him/her
- the chairman of the meeting as my/our proxy to attend, participate in and speak and, on a poll, to vote or abstain from voting on my/our behalf at the annual general meeting of the Company to be conducted entirely through electronic communication on Wednesday, 16 February 2022 at 14:00 or at any adjournment thereof as follows:

Number of voting rights

Insert an "x" or the number of voting rights held in the Company (see note 3)

For Against Abstain

	For	Against	Abstain
3. To elect, by way of separate vote, the following directors retiring in terms of clause 29.1 of the MOI:			
3.1 SP Ridley			
3.2 LJ Sennelo			
4. To appoint Deloitte & Touche to act as independent auditor of the Company until the end of the next annual general meeting			
5. To elect, by way of separate vote, each of the members of the audit and risk committee:			
5.1 N Khan			
5.2 KW Mzondeki			
5.3 SP Ridley			
5.4 LJ Sennelo			
6. To endorse, on a non-binding advisory basis, the Company's remuneration policy			
7. To endorse, on a non-binding advisory basis, the implementation report of the Company's remuneration policy			
8. Special resolution number 1: to approve the remuneration payable to the non-executive directors			
9.1 Special resolution number 2: to authorise the Board to grant authority to the Company to provide financial assistance to any related or inter-related company or corporation of the Company in terms of section 45 of the Companies Act			
9.2 Special resolution number 3: to authorise the Board to grant authority to the Company to provide financial assistance in terms of section 45 of the Companies Act, to directors or prescribed officers of the Company or of a related or inter-related company in connection with Nampak's existing share schemes			
9.3 Special resolution number 4: to authorise the Board to grant authority to the Company to provide financial assistance in terms of section 44 of the Companies Act			
10. Special resolution number 5: to authorise the Board to approve the general repurchase of the Company's ordinary shares			
11. Special resolution number 6: to approve the purchase by the Company of its issued shares from a director and/or prescribed officer, in the event it conducts a general repurchase of the Company's shares			

My/our proxy/ies may (subject to any restriction set out herein)/may not delegate the proxies authority to act on behalf of me/us to another person (delete as appropriate). This form of proxy will lapse and cease to be of force and effect immediately after the annual general meeting of the Company to be held at virtually on 16 February 2022 at 14:00 or any adjournment(s) thereof, unless it is revoked earlier.

Signed at _____ on _____ 20_____

Signature _____

Notes to form of proxy

1. Each holder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, participate in, speak and vote or abstain from voting in the place of that holder at the meeting.
2. A holder may insert the name of a proxy, or alternative proxies of the holder's choice in the space provided, with or without deleting the words "the chairman of the meeting". Any such deletion must be initialled by the holder. The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A holder's instructions to the proxy must be indicated by the insertion of an "X" or the insertion of the relevant percentage of voting rights exercisable by that holder in the appropriate space provided. If you fail to comply with the above, you would be deemed to have authorised the proxy to vote or abstain from voting at the meeting, as he/she deems fit, in respect of all the holder's voting rights exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution.
4. A holder or his/her proxy is not obliged to use all the voting rights exercisable by the holder or by his/her proxy, but the total of the voting rights cast and in respect whereof abstention is recorded, may not exceed the total of the voting rights exercisable by the holder or by his/her proxy.
5. A holder's authorisation to the proxy, including the chairman of the meeting, to vote on his/her behalf, shall be deemed to include the authority to vote on procedural matters at the meeting.
6. The completion and lodging of this form of proxy will not preclude the holder from attending, participating in, and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so.
7. In case of joint holders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the Company's register of shareholders in respect of the joint holding.
8. Proxy appointments must be in writing, dated and signed by the holder. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy. Without limiting the generality hereof, the Company will accept a valid identity document, a valid driver's licence or a valid passport as satisfactory identification.
9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies.
10. A holder may revoke the proxy appointment by cancelling it in writing and delivering a copy of the revocation instrument to the proxy/ies and to the Company, to be received before the proxy exercises any rights of the holder at the annual general meeting on Wednesday, 16 February 2022 at 14:00 or adjournment thereof.
11. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's/proxies' authority to act on behalf of the shareholder as of the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered as required in note 10 above.
12. Proxy forms should be lodged with, or mailed to Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132) or emailed to **proxy@computershare.co.za** to be received by no later than 14:00 on Monday 14 February 2022 (or 48 hours before any adjournment of the annual general meeting, which date, if necessary, will be notified on SENS and in the press). Proxies may be submitted after this time via email at **proxy@computershare.co.za** at any time prior to the proxy exercising any rights of the shareholder at the annual general meeting, subject to the transfer secretary verifying the proxy form and proof of identification before shareholder rights are exercised at the annual general meeting (or any adjournment thereof).
13. Please note that the reason why holders are asked to send in their form of proxy before the meeting is because the scrutineers must consider each proxy to determine whether it is validly given and whether the voting rights have been correctly inserted. Significant delays could be caused at the annual general meeting if these checks have to be carried out by the scrutineers while the annual general meeting is in progress.

Glossary

B-BBEE

Broad-based black economic empowerment

CAGR

Compound annual growth rate

Capex

Capital expenditure

CDP

Formerly Carbon Disclosure Project

COVID-19

Novel coronavirus

CSD

Carbonated soft drinks

DBP

Deferred bonus plan

DRC

Democratic Republic of the Congo

EBITDA

Earnings before interest, taxation, depreciation and amortisation

EPS

Earnings per share

ESG

Environmental, social and governance issues

FMCG

Fast-moving consumer goods

GDP

Gross domestic product

GEC

Group executive committee

GHG

Greenhouse gas

GRI

Global Reporting Initiative

HDPE

High-density polyethylene

HEPS

Headline earnings per share

IFRS

International Financial Reporting Standards

IIRC

International Integrated Reporting Council

IOM

Isle of Man

IMS

Information Management Services

ISO

International Organisation for Standardisation

IT

Information technology

Just transition

This refers to social interventions to secure workers' rights and livelihoods when economies are shifting production to combat climate change.

KPI

Key performance indicator

LTI

Long-term incentive

LTIFR

Lost-time injury frequency rate: the rate of occurrence of workplace incidents that result in an employee's inability to work the next full work shift; the number of such injuries that occur within a given period relative to the total number of hours worked in the same accounting period.

MTI

Medium-term incentive

NAFEX

Nigerian Autonomous Foreign Exchange Rate

NIL

Nampak International Limited

OHSAS

Occupational Health and Safety Assessment Series

PET

Polyethylene terephthalate

POPIA

Protection of Personal Information Act

PRMA

Post-retirement medical aid

PRO

Producer responsibility organisations

PSP

Performance share plan

R&D

Research and development

RBZ

Reserve Bank of Zimbabwe

rHDPE

Recycled HDPE

ROE

Return on equity

RONA

Return on net assets

rPET

Recycled polyethylene terephthalate

SAP

Share appreciation plan

SDG

United Nations' Sustainable Development Goals

SKU

Stock-keeping unit

STI

Short-term incentive

UHT

Ultra-high temperature milk

VPN

Virtual private network

Corporate information

Business address and registered office

Nampak House

Hampton Office Park
20 Georgian Crescent East
Bryanston, 2191, South Africa

PO Box 69983, Bryanston, 2021

T +27 719 6300

www.nampak.com

Auditors

Deloitte & Touche

5 Magwa Crescent
Waterfall City, 2090 South Africa

Private Bag X6, Woodmead, 2052
South Africa

Company secretary

Ilse van Lochem

T +27 11 719 6327

E Ilse.vanlochem@nampak.com

Sponsor

UBS South Africa (Pty) Ltd

144 Oxford Road
8th Floor South Wing
Melrose, Johannesburg, 2196, South Africa

PO Box 522194, Saxonwold, Rosebank, 2196

T +27 11 322 7000

F +27 11 784 8280

Share registrar

Computershare Investor Services (Pty) Ltd

Rosebank Towers
15 Biermann Avenue, Rosebank, 2196

Private Bag X9000, Saxonwold, 2132

T +27 11 370 5000

F +27 11 688 5200

Shareholder hotline

T +27 11 373 0033

Smart number +27 80 000 6497

F +27 11 688 5217

E web.queries@computershare.co.za

Investor relations

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E Nondyebo.mqulwana@nampak.com





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